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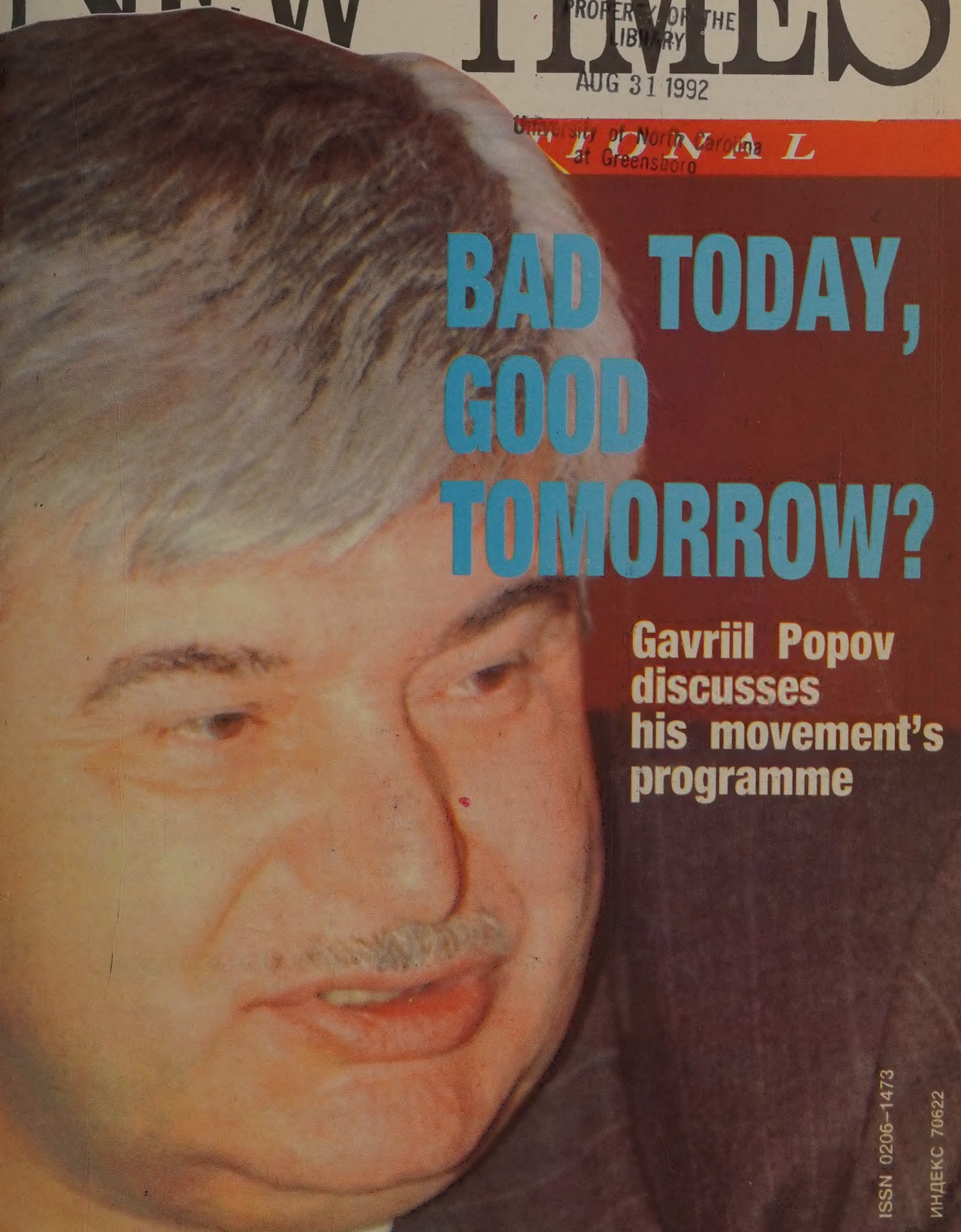

BAD TODAY, GOOD TOMORROW?

Gavriil Popov discusses his movement's programme

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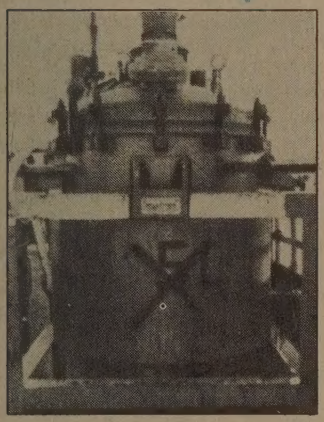
33/92 NEW TIMES AUGUST
INTERNATIONAL

POLITICS

TRENDS
V.Kulistikov
RUSSIAN OIL AND GAS: "THE SEVEN SISTERS" RETREAT, THE ARABS ATTACK 3

OBSERVER'S VIEW
D.Volsky
A CHANGE OF LANDMARKS IN THE MIDDLE EAST 4

4



Saddam's nuclear puzzle. Experts believe the unit in the photo is part of Iraq's nuclear weaponry

POLITICAL LIFE
Ye.Rusakov
ON THE TRAIL OF THE "RED SOX" 5

COVER STORY
G.Melikyants
DEMOCRACY MUST BECOME... BULL-STRONG 8

ECONOMICS

BUSINESS
N.Gorkusha
WHAT DOES PERESTROIKA MEAN? 12

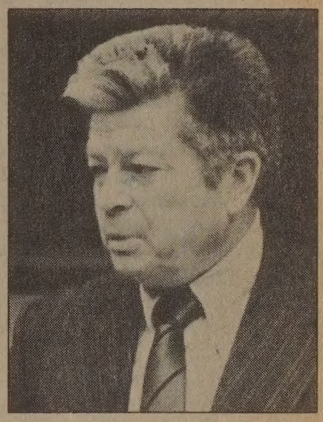
DISARMAMENT
V.Yarynich
BRAINS OR BRAWN? 13

DOSSIER 15

OPINION
S.Fyodorov
RUSSIA NEEDS FAVOURABLE CLIMATE FOR BUSINESS 19

INTERVIEW
A.Pogorelsky
GOLD IS NOT THE LIMIT FOR RINTECOR 20

19



"In rich countries people are provided with incentives to work"

INTERNATIONAL

ESSAY
W.Laqueur
SPLENDOR AND MISERY OF SOVIETOLOGY 24

PAST AND PRESENT
P.Bunin
THE FORGOTTEN WAR 26

26

"Brilliant time of glory and admiration"

OLYMPICS
S.Pumpyanskaya and A.Pumpyansky
NOAH'S ARK FIRST 30

LETTERS (2), **THIS WEEK** (10), **OUTLOOK** (22), **PEOPLE** (28)

Cover photo by "Novosti"

Communism must be extirpated

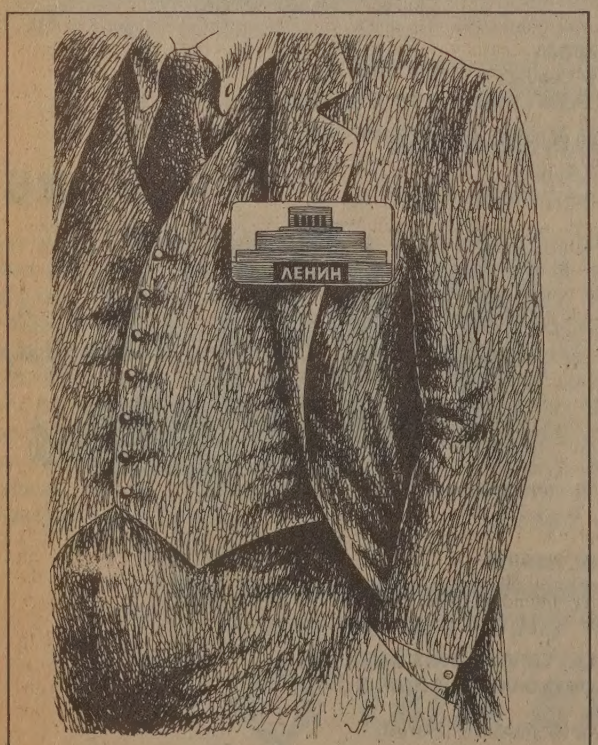
As a former Soviet political prisoner and a victim of the communist regime, I regard as blasphemous the Communists' demand to revoke Yeltsin's decree, which bans the Communist Party, and to return back to them the property which they had amassed by robbing the people. The court must brand the Communist Party and the KGB as organizations which have committed grave crimes against humanity, and severely punish members of the party's Central Committee, party functionaries, KGB officers and all persons who took part in framing trials and the humiliation of dissidents.

On behalf of thousands of victims of the communist regime I demand the banning for ten years of parties and organizations which declare themselves successors to the CPSU and communist ideology. Former party officials – with the exception of those who proved their allegiance to democracy before August of this year – must not be allowed to hold leading posts in bodies of authority for ten years. All communist deputies must be recalled and new elections appointed. Moreover, it is necessary to confiscate all accounts and property of the CPSU and the KGB with the aim of aiding the victims of terror and paying a compensation to them that would equal not less than four monthly wages with the purchasing power of the conviction time.

Arkady Ryskin

New York

THE WAY I SEE IT



Drawing by Arkady Gursky

Pseudo-Nuremberg trial

I know you will not be delighted to receive my letter. But I suggest you publish it in reply to V. Sofyin's article (No. 21/92). It will be a test of your tolerance of dissidence.

In my opinion the "trial of the CPSU" is nothing else but a show in a provincial theatre. It is not because I am of a high opinion of the CPSU and consider it a sort of monastic order. By no means. It has more than enough sins, and even crimes. So it is not a matter of defending anyone. The CPSU case is clear. But who are the judges? Let's use the method of analogues. History has only one precedent when a whole party was prosecuted and declared criminal. It was the Nuremberg trial. What we have now is a sham Nuremberg trial. It looks like a trial of nazi leaders with Gestapo men being the judges. Decommunization in Russia, similar to denazification in postwar Germany, has not yet been started. The secret police continues to exist. It has merely changed its signboard. Former party higher-ups continue to hold power, now posing as democrats. They have the same way of thinking and manner of behaving as before. However, the language is different. The CPSU is accused of having transferred large sums of money to the West. But most Russian businessmen are now doing the same, with no guarantees of private property in their country.

A real trial of the CPSU still awaits us. Your Moses will have to guide the people for 40 years in the desert before they will be able to forget about communsit slavery.

Françoise Lepage, historian

Senegal

Berdiaev vs. Lenin

Who is to blame for the fact that during the past 70-odd years we were building a road to nowhere? Instead of achieving the "radiant future" we feel a hangover. When I thought grimly about the past I was handed a copy of the newspaper *Tovarishch* (Comrade) published by the Union of Penza Communsits. The issue has a banner headline saying, "Lenin remains Lenin." In an attempt to defend the "greatness" of Lenin, the former ideologist of the regional party committee quotes the phrase arbitrarily taken from a work by Russian philosopher Nikolai Berdiaev, the man whom the former barrister (Lenin) defamed and deported.

The works of this outstanding thinker have become available to ordinary people only now. Having read Berdiaev's works, I drew a conclusion contrary to the opinion of those who are now called red-browns. Nikolai Berdiaev links all mistakes in our history with the "mysterious Russian soul," which expresses its cherished idea of deliverance from evil and grief and of a new life for the whole of mankind.

Being unable to build our own life, we Russians show surprising concern for a "radiant future" for the whole of mankind. "There is nothing more wicked than the desire to achieve well-being by any means," Berdiaev writes. And here is what he writes about Lenin: "Having become obsessed with the maximalist revolutionary idea, he eventually lost the difference between good and evil and tolerated deception, falsehood, violence and cruelty."

I would define the main ideologists, builders of a "radiant future," in this way: Lenin is mentally ill, Stalin is perfidious and Gorbachev is false. As for the red-brown, they are searching for a "special way" even today. "Let everyone die of hunger, but we shall not surrender." Such is their motto.

V. Yepifanov, leading research associate

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Russian oil and gas: "the seven sisters" retreat, the Arabs attack

395 million tons of oil, 615 cubic metres of gas... This is how, according to the estimate made by Vice-Premier and Minister of the Fuel and Power Industry Victor Chernomyrdin early last April, the most attractive for Western and Eastern investors branch of the Russian economy is going to be. Whereas gas extraction still keeps afloat – the decline in the output doesn't exceed 0.1 percent, oil extraction continues to drop (by comparison, as early as 1989 the Russian oil fields yielded 500 million tons annually).

Strange though it may seem, no foreign millionaire is in a hurry to throw a life-saving ring to this promissing industry. In Victor Chernomyrdin's words, "one can't say we are 'ear-deep' in proposals," although 23 thousand wells in the development of which foreign businessmen could take part have already been prospected. The conditions are rather diverse: concessions, joint ventures, export, barter exchange, supplies to the internal Russian market at world prices.

Those who serve foreign power interests in Moscow explain this passiveness by a generally unfavourable climate for investment in Russia. Investors are scared away by the legal instability, the unsettled property relations, and the absence of clear-cut differentiation of power between the central and local authorities. Investors would like to be granted tax and customs privileges – according to Western experts, without them joint activity in the power industry will be "business with negative returns."

However, in Moscow they dismiss these arguments as false. They are prepared to extend privileges to a serious and reliable partner, circumventing general rules. Yet this is not the main reason for the foreign investors' restraint.

The personnel changes in the government, especially the mid-summer replacement of the leadership in the fuel and energy complex, marked a new stage of disputes about the future of foreign investment in the oil and gas industry in Russia. Experts believe that the former Fuel and Power Industry Minister, Lopukhin, was steering forwards a complete opening of the entire fuel and energy complex to foreign investors. Moreover, he launched a resolute struggle for demonopolizing the industry, intending to liquidate the super-trust Gazprom. The latter not only controlled the extraction and export of Soviet gas, but was also more than once the victor in struggles with "the seven sisters." Experts claim that Shell, BP and other companies would have lost a powerful competitor as a result of Gazprom's decentralization. Besides, the old policy made the already smoothly functioning gas and oil fields easy prey to foreign companies. This is explained by the fact that in practice there was direct contact between the Russian bureaucracy as the master of natural resources and Western business circles.

"A free hand for corruption" was the mildest accusation levelled at this type of partnership by Russian entrepreneurs interested in oil and gas. They deemed themselves deprived because of this approach to foreign investment and, on the political level, they used to say that, in defiance of any logic, the government encouraged not domestic but foreign business. Therefore the change in the leadership of the fuel and energy complex and the arrival of such a keen manager, though connected with the state, but accustomed to working in the Western market, as the Gazprom Director General, was considered a blow to the plans of handing over the promising industry to foreign control, which, incidentally, both the World Bank and the IMF insisted on in their recommendations.

The latter circumstance leads to doubts as to the possibility of effectively attracting Western capital to the development of Russian oil and gas industry. Firstly, the West lacks sufficient amounts of ready money to invest in expensive and labour-consuming projects which won't yield quick profit. The prevalent mood there is to "skim the cream" in the fastest possible way and change over to a different business activity. Secondly, Western businessmen are not too interested in dealing with Russian capital on whose priority the new leaders of the industry insist. The Russians are looked upon as competitors – the experience of Gazprom has demonstrated the potential of Russian business in this field.

The West's temporary retreat gives a chance to the Arab East. They have much more ready money there, so Saudi Arabia, together with the oil emirates of the Gulf, is ready to take risks and conform to ideas of long-term cooperation chosen by the reformed Russian government. Bargains with Riyadh and Kuwait favoured by the leadership of the Russian parliament are on the agenda. They will perhaps serve as a signal to bolster competition for Russian oil and gas.

Vladimir Kulistikov

A change of landmarks in the Middle East

Some think that, unlike the former Soviet Union, the Russian Federation as its legal successor does not follow an active policy in the Middle East and no longer wields an appreciable influence there. Indeed, the new Russia is preoccupied chiefly with its domestic affairs and settling its relations with republics of the former USSR. Besides, the geopolitical map has changed. The Caucasus, which is torn by conflicts, Ukraine, the relations with which are not simple, and the Black Sea, to which Russia has comparatively narrow access, now fence the Federation off from the Middle East rather than forming a link with that region. Furthermore, there are no longer ideological motives for political activity there.

It is not difficult therefore to find reasons for Russia's flagging interest in the region. But this is so only for the time being, as long as the Middle East situation is relatively calm and predictable. It seems, however, that relative stability will not last long. By all indications, a new period of unpredictable changes and upheavals is in the offing.

The second anniversary of the Iraqi invasion of Kuwait early in August was used by Saddam Hussein in his favourite way. He again bluntly confirmed Baghdad's claim to that small oil-rich country. It will be recalled that the aggression against Kuwait ended in a crushing military and political defeat for Hussein. But it seems the lesson was lost on the Baghdad dictator, who intends – at least in words – to continue "the great battle." Perhaps we shall not have to wait long because Hussein's chief enemy, President Bush, no longer confines himself to verbal warnings but landed tanks on the Kuwaiti coast and started joint manoeuvres with the Emir's army near the Iraqi borders.

Are the clouds gathering again? It has long been known, however, that the Middle East is a region of paradoxes. A long-awaited ray of hope has appeared not in Baghdad but in another, no less important part of the Middle East. It was difficult to foresee this prospect only several months ago. I have in mind the agreement to begin on August 24 a new round of talks for a settlement of the Arab-Israeli conflict. But that is not all. The main thing is that the talks will reopen under new circumstances. On the Israeli side, they will be held by a government intent on achieving a compromise for the first time. As a matter of fact, it is also a result – and a very important one – of the events which took place two years ago. By striking Iraq, the United States or, more exactly, Bush and Baker, gained a position to do what was impossible before, namely, exert pressure on Israel and bring about the latest shift. They are now reaping the fruits of their efforts.

It turned out, however, that the fruits have a specific taste. Hopes for a reconciliation in the Middle East are endangered by the prospect of a new anti-Iraq war with the aim of "finishing Saddam off." In these circumstances the forecast made by the London *Times* seems quite probable. The newspaper wrote that any American blow would merely enhance Iraq's prestige in the Arab world.

True, I have in mind not the entire Arab world but those circles which overtly or covertly favour to various degrees the bellicose policy of Saddam Hussein. The stepped up activity of these circles can again foil a breakthrough to a politicl solution to Middle East problems. A formidable problem arises: how to square the circle, not to miss perhaps the only real opportunity for a Middle East settlement and simultaneously curb the destabilizing forces inspired by the provocative actions of the Baghdad regime. The unfinished story of UN inspectors clearly showed that this regime ignores the will of such an authoritative international body as the UN Security Council.

The linking of such contradictory aims is not only Washington's concern. It is the concern of the entire world community, and Russian not in the last place. It spite of its present difficulties Moscow has unique levers to influence the Middle East situation.

In the course of preparations for the Desert Storm it was Shevardnadze's diplomacy which ensured an international status for this operation. This part of the legacy of the former Union's policy is useful for present-day Russia. Moreover, the new Russian diplomacy can enrich it by making use of what the USSR did not have at the time. Russia has the benefit of freedom from the burden of obsolete ideology and its onerous commitments, like the Soviet-Iraqi treaty, as well as the combination of traditional ties with the Palestinians and Syria and new developing contacts with Israel, with which the USSR had established diplomatic relations only before its breakup. New, highly promising possibilities are opening in this respect thanks to the formation of the Rabin government and the porocesses that have been observed lately in the PLO leadership. In these circumstances, at the Middle East peace talks, Russia's co-chairmanship jointly with the United States is acquiring importance by no means merely symbolic.

It seems we are witnessing a change of landmarks in the Middle East, the situation in which the mechanisms for settlements can be used with a considerably greater effect that before. True, it depends not only on Russia but, to no lesser an extent, on the West and major countries of the Middle East. It's for all of them also to get rid of the burden of the past and cease to regard Russia's positions in the region with the former apprehension.

Dmitry Volsky

On the trail of the "Red Sox"

or how Zyuganov, Kryuchkov et al derived patriotic inspiration from a US National Security Council directive

During the protracted, stiff East-West confrontation there were three types of propaganda, the "black" of the outright lie, the "white" of the truth disadvantageous to the opposite side, and the subtlest "grey," with grains of truth and actual facts exploited to heap up calumny and fabrication. What is most tragic about this is that our perverted Soviet mentality was and still largely is permeated with that "grey" propaganda.

I personally do not doubt that when Gennady Zyuganov so solemnly recited at the Constitutional Court hearings the directive the US National Security Council had issued to "subvert the constitutional order in the USSR," that when KGB ex-chairman Vladimir Kryuchkov operated with the same or similar documents, they sincerely believed this was all true. What is essential here is whether this was the whole truth, when it was true and what was its purport.

The secret of the Langley "woods"

Hardly will I or somebody else ever manage to dig up for publication all the documents bearing upon the covert operations that US secret services conducted against the Soviet Union. After all, it is their job to keep them under lock and key. After the mid-1970s' spate of exposures, there ensued for the CIA and other American intelligence services a relative lull which only the scandalous Iran-contras affair interrupted. Far less is known about what is now taking place, or what has taken place over the past ten years in the Langley "woods," headquarters of CIA operations, than what is going on in the suburban Moscow "woods," the headquarters of the Foreign Intelligence Service of Russia.

Nevertheless, an acquaintance with the numerous documents published with the knowledge of the authorities or in spite of that, as well as the extensive and also excellently documented literature dealing with the operations of the National Security Council and the CIA under the different administrations, together with the conversations I have had with men who served in the various administrations or had close ties with them, plus the entire ledger of facts pertaining to the foreign policies of the USA and the USSR allow of reoutlining the actual picture.

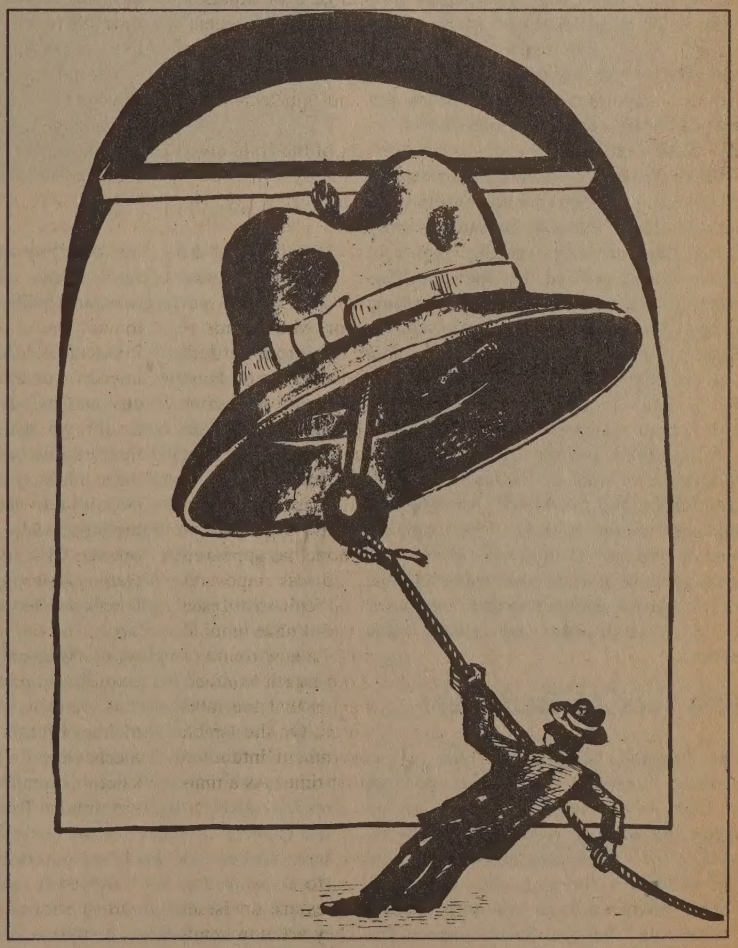
The only authentically established National Security Council directive concerned with the sweeping secret war against the USSR was approved under the first Eisenhower Administration. Everything else is but a medley of scraps, rumours and outright falsehoods.

The Republican administration of Eisenhower was elected on the tide of criticism spearheaded against Democrat Harry Truman, architect of the cold war, for his "lenience" towards communist aggrandizement during the Korean War, when MacCarthyism was at its height.

Our totalitarian jingoistic regime engendered alter egos in the West, whose mentality was largely a mirror reflection of the "class approach" of the Soviet rulers. Among them were the two Dulles brothers, John Foster Dulles and Allen Dulles, heads respectively of the State Department and the CIA. Their anti-communist ardour continued even after that historic turn in the tide, when the frankly terrorist Stalin regime yielded to the "milder" Khrushchev regime.

John Foster Dulles introduced in place of Truman's policy of containment that of "rolling back" communism and freeing the East European countries.

General James Doolittle drafted a report to the President stressing that to combat police states, it



Drawing by Vasily Dubov

was essential to have "an aggressive, covert, psychological, political and paramilitary organization more effective, more unique, and if necessary, more ruthless than that employed by the enemy." He noted further: "It is now clear that we are facing an implaccable enemy whose avowed objective is world domination by whatever means and whatever cost. There are no rules in such a game. Hitherto acceptable norms of human conduct do not apply... We must develop effective espionage and counter-espionage services and must learn to subvert, sabotage and destroy our enemies by more clever, more sophisticated and more effective methods than those used against us."

In 1955, proceeding from the aforequoted report, the National Security Council (NSC) endorsed Directive NSC 5412/1, giving the greenlight to the CIA's covert war against communism with every means possible. This document, which was composed of two sections, notably 5412/1 and 5412/2, also systematized procedures for clandestine operations, which existed up to the early 1970s. Under Eisenhower and Kennedy, the body the President appointed to take decisions at a political level was unofficially known as the "5412 Committee."

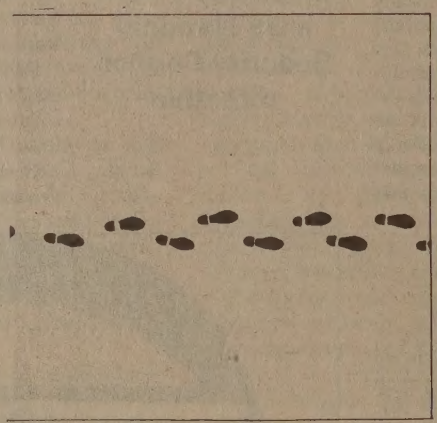
Frank Wisner, chief of the Directorate of Operations, then seemly entitled the Directorate for Plans in the same manner as Langley was known as the Bureau of Public Roads, evolved the Operation Red Sox/Red Cap for a wholesale uprising against Soviet domination, especially in Eastern Europe. Also planned was a civil war between the different ethnic and religious units in the Soviet Union itself with X-hour relegated to the late 1950s.

Preparations included the training by Americans of persons hailing from Eastern Europe and the USSR, who were to lead the "liberation armies," the exploitation of "agents of influence" in the various political parties and trade unions, and a propaganda campaign conducted via the Free Europe and Liberty radio stations.

The test of Budapest

The Directive NSC 5412 is quite a formidable document. Note that it appeared in 1955, when the cold war was in full swing and when in Korea, due to the efforts of the still existing dictator, the cold war became a shooting one. Moreover, directly involved were not only Chinese "volunteers," but also Soviet airmen. The Soviet empire renounced the "export of revolution," even then by word alone, only at the 20th CPSU Congress. The Americans had reason enough to maintain that they were combating the forcible worldwide spread of totalitarianism. To be fair, and following the logic of history, it must also be admitted that in this country too, the overwhelming majority, who had but recently experienced the tragedy of an invasion "from the West," devoutly believed that their country had to be saved from "international imperialism."

General Staffs on both sides intensively planned warfare with the use of nuclear and other mass destruction weapons and envisaging thrusts towards the English Channel and Kiev. At the time of the Caribbean crisis, these plans almost materialized, putting scores of millions of lives at risk.



Digging the spirit of the times, one will easily realize that in this context the covert war of the secret services did not amount to much, even though it spelled tragedy for many countries and people: suffice it to recall the 1948 coup in Czechoslovakia, the 1953 coup in Iran, or the 1954 coup in Guatemala, where both our secret services and the CIA had no qualms about the means emoployed.

Such is the overall background to the Red Sox and Red Cap.

Nevertheless, many of Wisner's colleagues believed his plans wildly romantic and absurdly unpractical. More specifically, Lyman Kirkpatrick and future CIA director Richard Helms viewed large-scale covert operations as a threat to the security of local agent networks. Besides, the chances of success were uncertain at best. Kirkpatrick described covert operations as being as volatile as nuclear weapons and thought they should never be attempted unless complete secrecy could be guaranteed "from inception to eternity." Finally, operation Red Sox/Red Cap was compromised from the start, for the German Gehlen organization that was to supply the core of the recruits had been penetrated by communist agents.

Thus does Nathan Miller assess this loudly touted operation in his *Spying for America. The Hidden History of US Intelligence.*

Indeed, the very first serious test shattered the mirages in Directive 5412. Meant is the popular uprising in Budapest in 1956. According to CIA designs, the assault of Hungarian "liberation armies" against Soviet garrisons was to be followed by "brotherly international help" from NATO, that was to dispatch a peace-keeping force to ensure free elections. However, Eisenhower declined to hazard an outright armed clash with the Soviet Union and another world war.

Though Wisner frantically scurried around Western Europe, as far as one can judge he was not allowed even to activate the Munich-trained émigré gunmen smuggled into Hungary earlier. Subsequently Allen Dulles shelved that obtrusive pastmaster at clandestine war into a quiet post in London. Upon retirement, Wisner suicided.

I have managed to chat up some Americans familiar with the history of Washington's corridors of power. "The inability to help the Hungarians, whom we encouraged in every way, engendered within the administration and the intelligence community a strong guilt complex with regard to people left to shift for themselves at such a decisive hour," Such is their unanimous opinion.

In the 1970s, I met George Franklin, coordinator of the Tri-lateral Commission, who earlier spent some 25 years as executive director of the New York Council on Foreign Relations. In either

1957 or 1958, at the start of the Thaw, he visited the Soviet Union to assess how true were assertions by some American specialists as to the popular desires to overthrow the communist regime. His conclusions were outlined in a *New York Times Magazine* contribution, noting that on the whole the Soviet people supported their government. He told me that before and after visiting Moscow he had met CIA chief Allen Dulles and I think that the latter too had drawn the appropriate conclusions.

"Covert operations had their place too: against those who could not threaten major war, not against those who could...

Drawing by Vladimir Nenashev

The steady movement of the agency away from a 'war' mind to a 'hard and bitter peace' mind was confirmed... By 1956, lines were drawn. Western Europe was stable, Eastern Europe was Russian. The Third World was the principal area of contest, and there was a sense that the shape of the world would be determined not, after all, in Europe, but elsewhere." So says John Ranelagh with respect to the lessons of Hungary in his *The Agency: the Rise and Fall of the CIA.*

The covert war with the exception of spying and the "war of nerves" shifted its locale for long to the periphery, to the Third World.

It has to be admitted that with the passage of time, the American secret services operating in the Third World outvied their main KGB rivals, who had involuntarily become their "instructors."

Who is responsible for the Soviet Union's disintegration?

But did all this imply that the CIA was not waging a "war of nerves" against the Soviet Union? Of course not. Employed in this war was both "black" and "grey" propaganda.

However, the repressive regime had put itself in such a position that not infrequently "white" propaganda, in other words, the plain truth, proved more effective.

Following this logic, we may say that none other than Nikita Khrushchev was the major "agent of influence." Indeed, in the "war of nerves" against the USSR his report at the 20th CPSU Congress as to Stalin's crimes produced an effect similar to the H-bomb. Such indeed are the ironic twists of fate, when even the most damning exposures from dissidents paled besides this document.

The CIA bent over backwards to secure a copy. Having achieved that, the American masters of covert war wondered how to most effectively apply this cure against communism, drop by drop or using the full dose. Wisner insisted that they bide their time and employ the report's publication to trigger off an insurrection in Eastern Europe in line with operation Red Sox/Red Cap. However, Allen Dulles decided not to wait.

Nowadays, having discerned the symptoms of the Soviet empire's impending breakup and the fall of the repressive regime, our diehards seek, in line with their Leninist-Stalinist "know-how," the "hand of the West." Why? For the simple reason that they hanker to don the halo of "saviours" of the fatherland from the foreign "devils."

Let me again stress my personal view which is that the Western secret services must have had a hand in what occurred in this country, furnishing via various fronts printers and xeroxes even perhaps money. That this is so is indicated by a *Time* story about the support the CIA and the Pope gave to Poland's Solidarity in the 1980s.

The Western secret services operated along the same lines which the CPSU Central Committee employed to channel hard currency to its ideological friends. But did that achieve victory for the "bright future" outside of the socialist camp?

The tragifarcical aspect is that no "agents of influence" would have brought about the USSR's demise so quickly as the diehards who sought to preserve it. At a time when disgruntlement with the empire-building policies of the "mother country" had become a national liberation movement, when the empire itself had started to collapse and national states were reemerging, they stymied every compromise, even seeking to flex their muscles as in Vilnius and Baku, and decrying all advocates of sovereign statehood as "nationalists." The August putsch against the lawfully elected institutes of authority drove the last nail into the USSR's coffin.

Paradoxically enough, precisely the Washington administration – which I saw for myself – strove to somehow postpone the collapse of the USSR and its President Mikhail Gorbachev, even when it was plain to many that the "sick man" was hopeless. George Bush is reminded to this day of his speech in Kiev last summer when he disavowed Ukrainians seeking an independent state. No wonder it was nicknamed "chicken a la Kiev." Was Bush "chickening out"?

There are of course things that the diehards, still embedded in a mentality that goes back to the first half of this century or before March 1953, cannot accept. That is their personal concern. But when at Constitutional Court hearings they echo such old hat as "CIA plots" in the USSR, that is, certainly, out of place.

Pardon me for employing such a shopworn cliche when I say that no covert operations by either CIA or KGB could ever halt the onward march of history.

Yevgeny Rusakov,
New Times
correspondent

NEW YORK

Democracy must become... bull-strong

The Russian Movement for Democratic Reforms created at its constituent conference in Nizhny Novgorod as early as February 15 this year has been at last officially registered by the Ministry of Justice of the Russian Federation. The Chairman of the Movement, Gavriil Popov, said that this had taken longer than the registration of some other political organizations. However, he didn't dwell upon it, evidently, avoiding any hint at a confrontation with the central authorities which the RMDR supports on the whole.

The RMDR is not a newcomer on Russia's political scene. This is a fully matured and independent public and political organization which aims for the consolidation of democratic forces in Russia. The most active, in the opinion of its leaders, strata of the Russian society, i.e., entrepreneurs, intellectuals and high-skill workers, form the core of this movement. The composition of the constituent conference which was held in Nizhny Novgorod provides an analyst with interesting data: entrepreneurs made 12.2 percent of its delegates; engineers, technicians and those employed in the sphere of science and education, 37.4 percent; culture was represented by 10.3 percent of the total, while workers and the military had an equal representation, 3.2 percent each. There were only a few women among the delegates. 15.4 percent of the delegates were activists in public and political associations, 16.7 percent were employees of state power and managerial bodies; 19.3 percent, people's deputies of various levels. The RMDF ideas have thus penetrated spheres traditionally dominated by the CPSU. However, the influence of the Movement here is, in all evidence, far from decisive yet.

The first slogan of the Russian Movement for Democratic Reforms is the soonest possible reelection to all representative bodies of power at all levels. As concerns the state power, the Movement advocates strict limitation of the functions of representative bodies to legislation alone; it demands true judicial reform and a system of strong executive power counterbalanced by democratic checks and balances.

One of the most important objectives of the RMDR is the creation of an effective structure which will solve concrete political tasks. Without it, no influence by the masses, no successful electorial campaigns are possible. Regional centres must become the foundations of this structure. As a prominent leader of the Movement V. Shostakovsky said at the constituent conference, "we'don't know Russia." Political leaders and power structures pursue myths and political stereotypes and extrapolate the situation in Moscow, St. Petersburg and Yekaterinburg to the Russian hinterland. However, the main task is to find out what is Russia and how it will react to concrete reforms.

The leader of the PMDR

The Chairman of the RMDR is a well-known person of repute, Doctor of Economics and Professor of Moscow University Gavriil Popov. Already a renowned scholar and publicist, he came to the fore in the years of perestroika started by Mikhail Gorbachev, having gained reputation thanks to his sharp criticism of the command-administrative system. Incidentally, this term was coined and circulated by Popov himself. He was elected a delegate to the Congress of People's Deputies of the former USSR without much competition. Soon he became one of the leaders of the so-called Interregional Group which united democratically minded people in the Parliament, from Academician Sakharov to a youth leader Ilya Zaslavsky.

Subsequently Popov won election to the post of Moscow Mayor, having left his five contenders far behind, but in a matter of only one and a half year he resigned. According to the official version, this was done precisely in accordance with the provision forbidding occupancy of a post in the executive bodies along with a post in a political organization; he was elected the chairman of the RMDR by that time. However, many still explain his resignation from the post of Mayor by frequent accusations of incompetence and even corruption levelled at him.

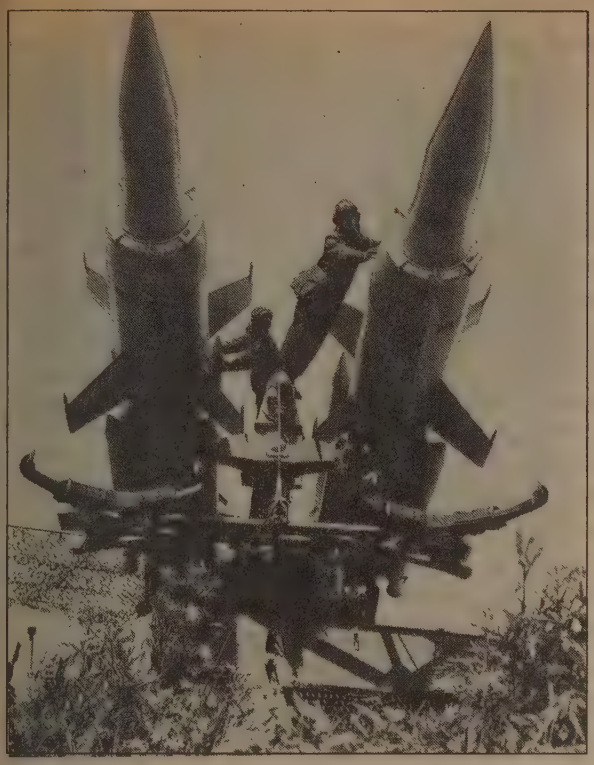
On the whole, Popov can be characterized as a reputable theoretician and a prominent figure on the Russian political scene. He feels confident in the current political struggle and readily takes part in hot political discussions, demonstrating profound knowledge and strict logic.

How shall we emerge from socialism?

In connection with the registration of the RMDR, Popov expounded the Movement's opinion on the present situation in Russian society. He said, a rapid polarization of political forces is taking place. Since major problems are not being solved, everyone is getting ready for a struggle. The anti-reform bloc has finally taken shape, while the "clearing up of relations" in the democratic camp is obviously dragging out. This, however, reflects the very nature of democrats who tolerate no form of command and whose various trends need to specify their positions repeatedly before uniting.

Today all advocate reforms in some way or other, because there is really no other way out. In Popov's opinion, the question is, what must be these reforms and how should they be carried out. And the pivotal question here is that of property. How shall we emerge from socialism? Naked or as property owners? The people are being palmed off with the scenario of distributing property among the nomenklatura, i.e., among part of the population. In this case there can be no hope for a democratic republic, because one can run the risk of democratic elections only when everyone is a property owner. At the same time, the nomenklatura needs a "strong regime" which requires the preservation of conflicts, preferably dragged-on ones, because only these conflicts can justify the existence of the "regime" itself.

Today the most troubling question is whether a non-constitutional way of establishing a "strong power" is possible. In



There is no love lost between the MIC and democracy

other words, will there be a new putsch? The leaders of the Movement believe that it's extremely difficult to give a definite answer to this question. First of all, the absence of normal stable power is an alarming factor. Secondly, a putsch is not ruled out under the present Constitution. The third scenario, the use of military force, is hardly required today. The nomenklatura is so strong that it has no need for violent methods, still less for a dictatorship. It's enough to preserve certain tension in society, for instance, by provoking the "Reds" to picketing the Central Television.

The fate of the military industrial complex

The fate of the military industrial complex is Popov's special concern. He opposes the conversion in its present form, emphasizing the fact that the fate of a considerable part of intellectuals employed in the sphere of science and technology depends on it. One must get accustomed to the idea that in any event Russia will have an army, a professional army as well, i.e., capable of utilizing advanced weapons. The question is how much will society spend on it and whether the defence industry is going to adjust its plans to the demand for consumer products. Thus the question of the MIC is essentially that of developing high technology.

Long live the Constituent Assembly!

The RMDR which includes a great number of expert jurists has proposed its own draft project of the new Constitution. Much in it is to be revised since President Yeltsin endorsed his amendments, believes Popov. Yet the major problem remains: who will approve it? The present Congress of People's Deputies won't, because the new Constitution provides for no such body. The best way out is to submit the Constitution to a Constituent Assembly which will dissolve on its approval. The Constituent Assembly can be convened in different ways, both on an electoral basis and on a representative one. For instance, the Supreme Soviet as a whole could make one third of it, the second third could be appointed by the President and the rest would be delegated by public organizations. Gavriil Popov doesn't rule out an adoption of the Constitution by a plebescite.

According to the information furnished by Popov, the RMDR is working out a draft Law on Elections alongside its work over the Constitution. Its main feature is voting by the lists presented by political parties.

A special issue is the attitude of the RMDR towards the current policy of the Russian government. Popov believes that the activity of Foreign Minister Andrei Kozyrev proceeds from the unrealistic assumption that a universal concord is possible in this world, while the PMDR claims that the future world will be a world of political blocs. "The entire world" won't give Russia money; she will be supported by the bloc she joins.

The regrouping of forces

Talking about the RMDR's political allies, its Chairman mentioned Democratic Russia which, in his opinion, needs a regrouping of forces; the Borovoi's party representing mostly entrepreneurs; a considerable part of Travkin's party and part of the patriotic movements in which a regrouping of forces is also taking place now.

Thus the Movement faces three major tasks: introduction of property, preservation of democracy and securing development through civil peace. We advocate creation of a democratic bloc precisely on this basis, emphasizes the leader of the RMDR.

A bull was chosen as the party's emblem. Why? The Chairman explained it in a peculiar way: why do the two American leading parties have an elephant and a donkey as their emblems? A bull is a hard toiler, he was used by an ancient Russian fabulous hero to plow the earth...

Does Popov regard himself as an optimist? Unfortunately, no. At the present stage, he goes on to explain, the nomenklatura will take the upper hand in our country, bureaucracy has better chances to do it. Nevertheless, democratic movements will continue to exist and act, running up a score. I must admit, he says, that in 1989, 1990 and especially in 1991 I was afraid we would be put out of action, which, fortunately, didn't happen. The military will have to enforce order in case of a spontaneous social explosion, and there will be nothing to be done about it. Yet I believe in social compromise; however, this requires a strong democracy, nobody wants anything to do with a weak one...

Anatoly Sobchak was expected to attend the celebration of the registration of RMDR. However, the Mayor of St. Petersburg didn't turn up. "Isn't this motivated by?.." "Oh, no," said a member of the Political Council of the Movement Vladimir Oryol. "Anatoly Alexandrovch goes on vacation, so he's busy beyond measure, you know..."

Champaign was then drunk, as is usually done in high society, on the occasion of issuing the registration certificate. And everyone wished each other success.

Grigory Melikyants

THIS WEEK

■ The political storms that raged over the wide expanses of the Commonwealth of Independent States for several weeks seem to have abated. Firing has ceased on the banks of the Dniester River. The newly formed government of national reconciliation has got down to work in Moldova, true, cursed by opponents from the Popular Front. Peaceful life is returning to normal in South Ossetia. Fighting, though not very intensive, continues with alternating success in Nagorny Karabakh. The illegal armed groups, whose actions have shaken Tajikistan since April, are being disbanded there.

The political storm caused by the "unlawful flight" of a patrol ship of the Black Sea Fleet to Ukrainian jurisdiction has abated too. The leaders of Ukraine and Russia took some heat out of the interstate conflict by signing in Yalta an agreement on the future of the Fleet. The leaders decided against dividing the Black Sea Fleet for the time being. It will be withdrawn from the Commonwealth's armed forces and placed for at least three years under the joint command of Ukraine and Russia. There will be two commanders of the Fleet who can be appointed and dismissed only by the presidents of the two countries. The existing naval base on the Black Sea is to be used jointly.

■ But the sailors are not hurrying to deck their ships with multi-coloured flags on this occasion. There are still many hidden reefs in the agreement on the Black Sea Fleet. It is not clear, for instance, what fate awaits the Fleet after 1995, how to divide it and administer the Sevastopol and Balaclava ports in conditions of dual power.

Besides, the agreement on the Fleet did not meet with unanimous approval in Ukraine. Thus the Republican Party, which had urged all national democratic forces of Ukraine to support President Kravchuk, now castigates him for the outcome of his talks with Boris Yeltsin in Yalta, qualifying his stand there as detrimental to Kiev. Nevertheless, after the signing of the Yalta agreement the situation in the Black Sea Fleet became more stable.

■ At a brief press conference held after the Russian-Ukrainian summit, the journalists nevertheless managed to find out many interesting things. It became known, for instance, that the two presidents had considered the principles and foundations of a treaty of friendship and cooperation between the two republics. The foreign ministers were instructed to draw up in the near future the final text of this document. The Ukrainian party suggested that the treaty should be signed in Moscow.

Leonid Kravchuk made clearer Kiev's stand on the presence of nuclear weapons in the republic. "Ukraine," he said, "does not lay claim to the Commonwealth's prerogative to control nuclear weapons, but it assumes the responsibility for the non-use of nuclear weapons, up to their complete destruction."

■ From Yalta, President Yeltsin flew to Sofia. He was invited by President Zhelev to pay an official visit to Bulgaria. Yeltsin stayed in Sofia for less than two days. But because of its tight schedule, businesslike talks and productivity, his visit perhaps surpassed all the previous flying visits of "distinguished Moscow guests" to Sofia, although there was not the usual pomp and ceremony, and "the rejoicing of the friendly Bulgarian people."

In the course of high-level talks a principled agreement was reached to build up Russian-Bulgarian relations on a new, legal basis. Such a basis has been laid by the Treaty of Friendly Relations and Cooperation which Yeltsin and Zhelev signed in Sofia. The two leaders concluded bilateral agreements on the formation of an intergovernment Russian-Bulgarian commission for trade cooperation, and an agreement between the defence ministries of the two countries was signed too.

The visit was drawing to an end when, at the concluding press conference, Yeltsin made a dramatic statement by disclosing that he discussed with Zhelev the question of recognizing the independence of Macedonia, a Slav and Orthodox republic closely linked with Russia by historical and cultural ties. The President said, and it was like a political bomb, that Russia had decided to recognize Macedonia as an independent and sovereign state. For a long time Russian diplomats did not dare take such a step. The absence of highly cautious experts from the Russian Foreign Ministry apparently impelled Boris Yeltsin to adopt this wise decision.

■ When Georgia was admitted to the United Nations, the date, July 31, was declared a day of national reconciliation. The state of emergency has been lifted on the entire territory of the republic. "Proceeding from the supreme interests of national unity and concord," the State Council says in its manifesto, "it was decided to absolve from criminal responsibility the persons who, since January 6 of this year, have taken part in unlawful actions directed against the authorities of the republic, provided they have not committed any grave crimes against peaceful civilians."

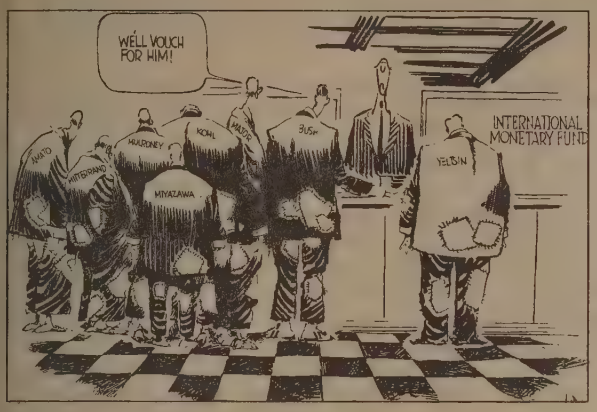
The State Council has also decided to release former government officials charged with serious crimes, "taking into account the fact that their deeds were to a certain extent prompted by the authoritarian dictatorship."

Addressing a public rally held on this occasion, Eduard Shevardnadze expressed the hope that a real chance had appeared for rallying all Georgians and ending the senseless confrontation.

The present leader of Georgia is certainly making untiring and purposeful efforts to restore civil peace and calm in the much-suffering Georgian state.

■ It took a whole day for the Board of Executive Directors of the International Monetary Fund (IMF) to adopt a unanimous decision on giving Russia access to the financial resources of the West.

The first practical result of this decision is Russia's right, beginning from August 10, to request at any moment and immediately receive 1.04 billion dollars form the IMF. The pur-



pose is already known. The money will form currency reserves which are practically at zero level now.

Following the IMF, the Internatioal Bank for Reconstruction and Development has given Russia the so-called rehabilitation loan of 600 million dollars. Some 250 million dollars from this sum will go to the currency market in order to further saturate it; 100 million dollars are intended for the needs of Russian medicine, 150 million will go to agriculture, 50 million to transport and another 50 million to the coal industry.

New negotiations with the IMF for receiving about three more billion dollars will be held in the autumn. Together with one billion dollars already allocated by the IMF this will make up Russia's annual quota.

■ There is further good news from Washington. President Bush has ordered that federal subsidies should be granted to farmers with the aim of boosting American pork exports to countries of the former USSR. According to White House estimates, the subsidies will allow the American farmers to sell something like 30,000 tons of pork. The White House pointed out in its message that the Commonwealth of Independent States already holds third place in the world for pork imports. On the one hand, it is good that we shall soon have American pork, because this will help save many people from a serious lack of meat protein in their diets. On the other hand, it is sad to realize that the good news is intended mainly not for us, but for voters in the American South, where the positions of presidential Democratic candidates Bill Clinton and Al Gore are still strong. Nevertheless, this fact will not spoil the quality of the imported meat.

■ Some really pleasant news from the United States: with swift action, and without beating about the bush, the House of Representatives of the US Congress considered and immediately approved the bill on the support of freedom, adopted by the Senate a month earlier. Now President Bush will have to sign the bill and it will acquire the force of law. This means that Russia and some other republics of the former Union can begin to receive massive economic and financial aid and material support from the United States.

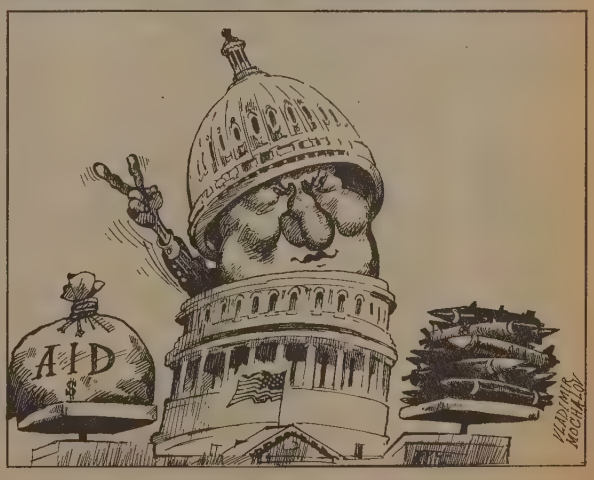
Democrats (95) constituted the majority of those who voted against the bill. Almost all black Congressmen spoke against the bill. They argued that it was inappropriate to spend money on foreign aid when the federal reserves are insufficient for domestic needs.

But President Bush and his team proved equal to the occasion. The President, Secretary of State James Baker and US ambassador to Moscow Robert Strauss launched a massive campaign of pressure on the Congressmen. Some of the legislators were surprised to have received – for the first time of their stay on Capitol Hill – personal letters from George Bush asking or recommending them to vote for the bill in support of freedom. The joint message sent to the House of Representatives by four living ex-presidents – Nixon, Ford, Carter and Reagan – also played an important part in the campaign. They stressed that aid to Russia meant investment in peace and prosperity for the American people.

■ Even in our cruel times there is room for a feat. A long-distance strategic bomber crashed in the vicinity of Gomel in Belarus. It was falling towards the densely populated residential area of Novo-Belitsa. Victor Oskin, the crew commander, managed to divert the plane from the housing estate and kept it flying until every member of the crew had ejected safely at a height of 400 metres. But the commander was unable to bale out. The plane crashed to the ground far from the town. The hero was buried in the same area.

■ The "non-ferrous metal rush" has assumed the character of a mass disaster in Latvia. People steal connecting pieces and wire from the railway track, tear away metal name-plates from graves, dismantle railway cars ready for shipment. The authorities lost their patience after the bronze plate with an inscription "Supreme Soviet of the Latvian Republic" had disappeared from the front entrance of the Latvian parliament. The angered prime minister, Ivars Godmanis, signed an order prohibiting the export of non-ferrous metals from Latvia. The question is how to fulfil this order, for non-ferrous and ferrous metals constitute 80 percent of the export of Latvia's private firms.

CARTOON OF THE WEEK



What does Perestroika mean?

The best man to address this question to at present is Mr Andrei Stroyev, head of the joint venture Perestroika. The JV builds, repairs and maintains high-class offices, apartments, hotels and business center complexes.

Mr Stroyev and a successful American businessman, Mr Earl S. Worsham, were the first to organize a joint real estate company in the Soviet capital back in 1988. As head of MosInzhStroy, a public company in charge of the city infrastructure, Mr Stroyev managed to make the city authorities interested in the project by his example of successful entrepreneurship. The American partner provided the necessary hard currency, technology and know-how.

Such ventures were a real gamble at that time, and last August's coup could well have put a stop to all of them. Stroyev participated in the events by ordering his bulldozers and scrapers to block the roads to the Russian White House in the hope of stopping the junta. Nowadays, a mass of problems remain. But Mr Stroyev and Mr Worsham proved capable of coping with the notorious Russian red-tape as well.

The JV has completed 15 major projects in Moscow, all of which are unique in design and function. Some of the most respected and widely-recognized world companies have chosen Perestroika to provide for them premises in Moscow. The JV's first development, Pushkin Plaza, is a 2,280 sq.m., seven-floor office complex housing BASF Aktiengesellschaft Mitsubishi Heavy Industries, Ltd., Co-optrade Japan Ltd., UNICOOPJAPAN and Wirtgen GmbH.

Other completed projects designed, constructed and managed by Perestroika include 17 and 19 Kalyaevskaya St., the Moscow headquarters of Hoechst AG and Z-Landerbank Bank AG; Volkov Lane, headquarters of Monsanto in Russia, and many more. The JV's current projects include the renovation of the Budapest Hotel near the Kremlin; Sloboda, a 40,000 sq.m. office and residential complex near Novoslobodskaya Metro station, three hotel and business center complexes on Vosstaniya Sq., Novy Arbat St., and Tverskaya St.

Perestroika can be proud of its residential complex Setun. This 16 hectare lot in the southwestern part of Moscow is now capable of housing 200 families in its cottages. Every apartment is a cozy nest which can be equipped with modern utilities and furniture. The complex will offer a shopping center, recreation and sports facilities. And it is profitable for the city too – the estimated amount of taxes to be gained from the project by the Moscow budget is $ 214 million over a 25-year period.

Still another achievement of Perestroika is the Yuzhinsky Lane complex in the very center of Moscow. The whole lane was reconstructed according to nineteenth-century blueprints found in the city archives. Behind the age-old façades are modern and fully equipped offices of such companies as Dupont, Credit Suisse and Philip Morris.

Mr Worsham mentioned that rental costs come to $850 per sq.m. per year, which is higher than that in NYC but lower than in Tokyo. But the businessman considers the high cost warranted. All materials and equipment were delivered from the United States.

Knowing how to earn, Perestroika also knows how to spend.

The company believes in providing its employees with educational backgrounds and practical training to enhance professional skills. Will the help of the international consulting firm KPMG, Perestroika provides Western-type training courses for its Russian managers and staff. The JV and one of its clients, the Bank of Austria, presented to the city a children's playground worth $150,000; the company invests money in the modernization of Moscow buildings and yards neighboring on its complexes. It is also planning to help Russian architects demonstrate their talents in the West.

Authorities from the American Embassy in Moscow consider Perestroika a perfect example of a company confident in the future of their own business and that of Russia. But Mr Stroyev is sure that tax reductions alone, even if only for the initial period of foreign companies' activity in Russia, can help in attracting serious investment projects to this country.

Nikolai Gorkusha

This is the first up-to-date cottage built by Perestroika in the south-west of Moscow in the vicinity of the river Setun

Brains or brawn?

The dilemma of modern military strategy

The decision adopted by Presidents Yeltsin and Bush on a sharp reduction of strategic offensive arms has come in for heated polemic. People want to know the answers to the serious questions connected with this decision. Who will have to pay for all that, and how much? And what an effect will such jolts have on our strategic nuclear forces capacity for answering their purpose?

An underhand game

One can understand the doubts and even indignation of the opposition: we agree to eliminate, at one stroke, our most efficient and most powerful weapons, to do what the Americans have been pressing for, without success, for years. What's more, this is going to cost us a pretty penny. Besides, the leadership has chosen to act without the parliament's approval in this case...

And now let us look at this from another angle. Intuitively, as human beings, we cannot but welcome any moves in this direction. It is about time we have stopped being the hostages of the nuclear monstre. All of us are tired of endless talk about strategic arms reduction and are waiting for resolute action. And action has come at last.

The differences are rooted, of course, in the political confrontation between the nation's leadership and the opposition. The immediate cause is the absence of an officially proclaimed, open procedure of substantiating the decisions taken. This is actually an underhand game. The instruments used by experts and the leaders at negotiations are not in evidence. I think that whether the agreement is ratified will depend, chiefly, on how open the decision substantiation procedure is.

Some official instrument of substantiation must exist. That it periodically fails to keep pace with our fast-moving times is a different matter. I know from experience that many approaches used in this sphere as recently as a year or two ago are now hopelessly outdated. Today military-political decisions are made in a new spirit, using a different scale of values, and this is good. However, the instruments of substantiation should be changed accordingly, even if only along qualitative and ideologicdal lines at first, and then gradually finalized in mathematical, technical and other respects, and made public. The fears that the whole thing is too complicated to be grasped by the general public are totally groundless: those interested will always get the meaning of what they want to know, and there will always be those capable of explaining any complexities on a popular level. Why not ask experts, American ones included, to set out in the open the basic principles of the procedure used at the negotiations? After all, this procedure as such hardly contains any classified information.

Friends have to be deterred, too

The evolution of the notion the "purpose of strategic forces" is worth tracing. Previously, nuclear forces were intended for a "guaranteed suppression" of an aggressor. It was only late in the perestroika period that we sobered up and realized that they can serve only as a deterrent because materialization of the nuclear threat makes no sense, militarily and otherwise. This function of the strategic forces turned out to be not only more logical but cheaper as well. The notion of nuclear deterrent is generally accepted all over the world, recorded in doctrines and other basic documents. Even this notion, however, has been eroding of late, I think. We are almost friends now, it is implied, so who should be deterred, and why?

Let us try and separate one from the other. Deterrence is an objective thing which does not depend on leaders' declarations and will, not even on public opinion. This is only a derivative of the very fact of nuclear weapons' existence, a hypothetical capacity for punishing a hypothetical aggressor and, unfortunately, the whole world with him, no less. The fear of at least ten or so nuclear explosions over cities and villages is a deterrent. This prospect ought to be borne in mind in the euphoria of spurts from monstrous to very large potentials. Incidentally, no one believes in the absolute nuclear zero today, all are talking about a "reasonable" minimum, which means that the need for a deterrent is universally recognized, as a matter of fact. How large should this minimum be, considering the breakup of the Union, the fragmentation of its nuclear potential and its control system, the progress made by our new friends in developing their anti-missile systems and conventional weapons? Is there the danger of setting our sights too high or too low, and who is going to pay if we have to go much farther? Obviously, money is not the only consideration to proceed from in deciding whether nuclear potential is to be cut down to a third or to a tenth.

For all their importance, these questions are not directed against the decision made in Washington. On the contrary, a circumstantial and convincing reply to them would add to the nation's support for the President's line. No matter how well-grounded statistical forecasts look, the methods whereby they have been arrived at ought to be disclosed so as to lend them more weight.

C^3 I

When substantiating reasonable limits of nuclear armaments, close attention should be paid to the arms control systems. In this particular case, a control system is seen as an integrated complex of agencies, means and actions which combine to carry out the formula: "attack detection – decision making – response." It comprises early missile attack warning and intelligence systems, control stations, technical systems for communicating orders to nuclear weapon carriers – all that is referred to in the US as C^3 I (command, control, communication and intelligence). Today too little account is taken of the effect this factor may have on the general assessment of a deterrent's reliability. At the same time, a new approach which does take such an effect into account exists and has already been used in a number of concrete assessments. This approach boils down to the following.

It makes no sense to make comparisons between mere nuclear potentials. Comparisons should be made between the forecast results of their use in response to an aggression. This can be done only through the prism of a control

Drawing by Murat Tairov

system. The thing is that the character and composition of such a system and the characteristics of its elements determine not only the impact of nuclear retaliation but its probability as well. Schematically, the control system consists of the "head" (a missile attack warning system, master control panels) and "hands," i.e., separate subsystems connected with various nuclear arms carriers (airborne, seaborne, ground, stationary, mobile). If such a structure is subjected, on a statistical model, to multiple tests in the context of a hypothetical conflict, the result will be a set of various levels of nuclear retaliation to the aggressor. There will be stronger and weaker strikes, and even zero responses. It depends on what kind of control system is tested.

If the "head" is highly reliable (i.e., if it has cost much to build), the likelihood of the very fact of retaliation will be high. This does not mean, though, that the retaliatory strike will be necessarily high: the second component of the deterrence indicator is determined by the reliability of the "hands." If, for example, we spend most of the limited resources allotted for the control system on the "head," then our retaliatory strike may be characterized in advance as "highly likely but weak." ("Weak" is relative in this case, because even one or two nuclear explosions over Chicago or Washington would be disastrous to the US.) If, the other way round, we put most of the money in the "hands," then we shall get the following retaliation forecast: "unlikely but strong." These matters are of considerable interest, especially from the angle of reasonable sufficiency. Note that given such an approach means can be redistributed not only within the control system, but also between it and this or that nuclear weapons carrier. Expenditures on these two components of strategic forces are commensurate and constitute tens of billions rubles.

Capacity for retaliation remains

Speaking of practical matters, the need for more emphasis on questions of strategic nuclear forces control is now perfectly obvious. Control situation is the best in strategic missile forces which have left other fighting arms far behind in this respect. At the same time, the problem of controlling deeply-submerged submarines remains the most complicated one of all. And this in a situation where, under the latest strategic arms limitations treaty, the naval component is to come to the fore, while missile troops are to be substantially reduced. So doesn't it pay to consider practical measures of using, in the interests of the Navy, some elements of the missile forces' control system? In this connection I should like to stress the need for more openness than we have had before. After all, haven't we set a revolutionary precedent by revealing almost all of our nuclear potentials? Discussing problems of strategic control in the open is common practice in the US and other countries. Considering what the use of nuclear weapons can bring, openness in this field is a matter of very special importance. The truth about conventional weapons may be concealed in the hope of using them to win a conventional war (which, alas, cannot be ruled out). Now the truth about nuclear weapons and their control systems should be made public by all means in order to prevent a catastrophe.

It is very important to show the world that despite deep arms cuts, despite our economic, political and social difficulties and regardless of the fact that other countries continue to build up their military might, we shall keep our retaliatory capability.

–Valery Yarynich,
Cand. Sc. (War Science)

DOSSIER

Decree of the President of the Russian Federation on partial alterations in the procedure for mandatory sale of a portion of foreign exchange revenues by enterprises to the state and export duty collection procedures

With the object of stabilizing the exchange rate of the ruble, creating conditions for making the ruble convertible, and streamlining procedures for exporters' payments to the state budget, I hereby rule as follows:

1. Mandatory sales by enterprises of a portion of their foreign exchange revenues to the Republican Currency Fund of the Russian Federation and the special commercial exchange rate of the ruble used by enterprises in the mandatory sale of a portion of their foreign exchange revenues to the Republican Currency Fund of the Russian Federation shall be abandoned as of July 1, 1992.

The exchange rate of the ruble quoted by the Central Bank of the Russian Federation on the basis of supply and demand in the currency market shall be used in computing the revenues and expenditures of the state budget related to all types of payments to the state by enterprises, associations, organizations (hereinafter referred to as "enterprises") and individuals, as well as for taxation and accounting purposes.

The Finance Ministry of the Russian Federation, jointly with the Central Bank of the Russian Federation, shall, before July 1, 1992, draw up procedures for revaluing the balances of foreign exchange accounts of enterprises and their balance-sheet items denominated in foreign exchange on the basis of the exchange rate of the ruble quoted by the Central Bank of the Russian Federation.

2. 50% of foreign exchange revenues from the export of products (services or work) by enterprises, irrespective of their ownership arrangements and place of registration, and including enterprises with foreign capital participation, shall be sold in the domestic currency market through authorized banks at the market exchange rate of the ruble in accordance with procedures defined by the Central Bank of the Russian Federation, not later than 14 counting days after receipt of revenues.

The government of the Russian Federation shall submit proposals in respect to more lenient procedures of mandatory sales of foreign exchange revenues by enterprises with foreign capital participation.

Foreign exchange expenditures related to servicing the external debt, making obligatory foreign exchange payments, and meeting other needs of the state shall be effected by the Finance Ministry of the Russian Federation after purchasing the necessary foreign exchange from the Central Bank of the Russian Federation.

3. A number of goods enumerated in a list to be compiled by the government of the Russian Federation shall be subject to export duties when they are exported out of the Russian Federation.

Export duties shall be levied on enterprises exporting goods out of the Russian Federation, irrespective of their ownership arrangements and place of registration, including enterprises with foreign capital participation, if decisions taken by the government of the Russian Federation do not stipulate otherwise.

The 30% increase in the rate of export duties on the export of goods under barter transactions shall continue to be applied until January 1, 1993, whereupon the rate of export duties applicable to such transactions shall be increased by 50%.

The government of the Russian Federation shall, before August 1, 1992, define special procedures for levying export duties on the export of materials and products for turn-key construction projects abroad, as well as under agreements on international production cooperation, including the processing of commodities provided by customers themselves.

4. Export duties shall accrue to the federal budget.

The Finance Ministry of the Russian Federation shall reduce subventions to local budgets by the amount of export duty reliefs accorded the respective regions.

5. Export duties shall be collected by the State Customs Committee of the Russian Federation. Export duty collection procedures shall be defined by the State Customs Committee of the Russian Federation jointly with the Finance Ministry of the Russian Federation and the Central Bank of the Russian Federation.

6. Export duties shall be payable prior to or at the moment of presentation of goods for customs inspection.

Export duties shall be payable in rubles, with their rates in ECUs to be converted into rubles at the exchange rate of the ruble quoted by the Central Bank of the Russian Federation on the date of payment thereof.

The customs authorities of the Russian Federation may grant deferments of the

MOSCOW BUSINESS WEEK

DOSSIER

payment of export duties for a term of up to 60 days from the date of presentation of the goods for customs inspection. The deferments shall be provided against guarantees of authorized banks or at the permission of the Finance Ministry of the Russian Federation. The provision of deferments shall entail payment in rubles of 0.2% of the sum payable for each day of the deferment, including the day of payment.

The Finance Ministry of the Russian Federation may allow exporters to pay export duties in foreign exchange, in which case the amount of payment for each day of deferment shall amount to 0.01% of the sum payable.

7. The amount of export duties, including payment for provision of deferments, which are not paid in accordance with established procedures shall be by all means collected by customs authorities. Should an enterprise fail to pay the export duty after the expiry of deferment, its liabilities and the guarantees of the authorized bank may be transferred by customs authorities to the Central Bank of the Russian Federation for collection of the indebtedness, including the entire sum of the export duty and charges for provision of deferment, computed from the date of presentment of the goods for customs inspection until the date of actual payment of the duty.

Should an enterprise fail to pay export duties at the proper time, or upon the request of the Finance Ministry of the Russian Federation, customs authorities shall take such steps to collect the sums due as provided for by the legislation of the Russian Federation and the Customs Code of the USSR, insofar as the provisions of the latter do not contradict the legislation of the Russian Federation, including measures to seize goods belonging to the enterprise and use them in such ways as necessary to ensure payment of the sums due to the federal budget of the Russian Federation.

8. Foreign exchange revenues from the export of goods (services or work), as well as revenues from the sale on the territory of the Russian Federation of goods (services or work) for foreign exchange shall by all means be deposited in accounts in authorized banks on the territory of the Russian Federation, if the Central Bank of the Russian Federation does not permit other procedures.

Those enterprises which violate the above procedure of depositing foreign exchange revenues shall be fined by the State Tax Service of the Russian Federation or the Inspectorate of Foreign Exchange Control. The fine shall amount to the entire sum of concealed revenues and shall be payable in either foreign exchange or rubles. In the latter case, the amount of the fine shall be computed on the basis of the exchange rate of the ruble set by the Central Bank of the Russian Federation. The fines shall accrue to the federal budget of the Russian Federation.

The payment of fines shall not free enterprises from the obligation to transfer their foreign exchange revenues to accounts in the authorized banks in the Russian Federation.

9. Exporter enterprises shall specify in the customs declaration the full name of the authorized bank which will handle settlements with foreign partners and other essential information concerning this bank, as well as the date of receipt of foreign exchange payments and the terms thereof. Upon provision of the customs declaration, exporter enterprises shall simultaneously present a document to the customs authorities confirming that the authorized bank named in the declaration will actually perform payments relating to a given transaction.

The State Customs Committee of the Russian Federation shall present to the Central Bank of the Russian Federation the registers of customs declarations which served as the basis for clearing goods for export.

10. The Ministry of Justice of the Russian Federation shall, within a month's time, present proposals in respect to the responsibility of officials for concealment of foreign exchange revenues from the export of goods (services or work), or for failure to transfer the full amount thereof, or failure to transfer them within the prescribed time limits to the authorized banks in the Russian Federation.

11. The government of the Russian Federation shall, before January 1, 1993, conduct an inquiry into the application of reliefs with respect to the payment of export duties and the mandatory sale by enterprises of a portion of their foreign exchange revenues to the state, assess their advisability and, if necessary, submit proposals to eliminate the reliefs.

12. The government of the Russian Federation shall, within a month's time, draw up procedures for levying export taxes on goods exported to the rest of the Commonwealth.

13. The government of the Russian Federation shall, within ten days' time, compile a list of individual goods subject to export duties and establish the base rates of the export tariff of the Russian Federation.

14. The following documents are hereby declared null and void insofar as they contradict the present decree: decrees of the President of the Russian Federation No. 213 as of November 15, 1991 "On the Liberalization of External Economic Activities on the Territory of the Russian Federation" and No. 335 as of December 30, 1991 "On Provisions to the Republican Currency Reserve of the Russian Federation in 1992," ordinances of the government of the Russian Federation No. 91 as of December 31, 1991 "On the Introduction of the Export Tariff on Certain Goods Exported out of the Russian Federation" and No. 211 as of April 2, 1992 "On Amendments to the Ordinance of the Government of the Russian Federation No. 91 as of December 31, 1991 'On the Introduction of the Export Tariff on Certain Goods Exported out of the Russian Federation.' "

President of the Russian Federation
B. YELTSIN

Moscow, Kremlin

June 14, 1992

No. 629

MOSCOW BUSINESS WEEK

DOSSIER

Decree of the President of the Russian Federation on payments and settlements relating to external economic activities of the Russian Federation in 1992

With the object of ensuring favourable conditions for the conduct of external economic activities and the implementation of intergovernmental agreements with foreign countries in 1992, I hereby rule as follows:

1. The Russian Federation shall effect payments and settlements with foreign countries in 1992 in convertible foreign exchange on the basis of world market prices, if intergovernmental agreements of the Russian Federation do not stipulate otherwise.

2. Payments and settlements between the Russian Federation and Hungary, Poland, Romania, Czechoslovakia, Yugoslav Republics and Finland, in respect to transactions conducted in accordance with indicative lists of goods set forward in intergovernmental trade and economic agreements of the Russian Federation for 1992, may be effected through special accounts in accordance with the following procedure:

– foreign partners shall effect payments primarily by means of letters of credit which shall be denominated in convertible foreign exchange and provide for payments of the full cost of goods and services exported out of the Russian Federation to these partners' countries of origin in accordance with lists of goods for 1992;

– the portion of foreign exchange revenues from the export of goods and services mandatorily sold to the Republican Currency Reserve of the Russian Federation shall, after deductions of provisions to the currency funds of republics within the Russian Federation and regions and provinces thereof, be transferred to a special account opened by a bank authorized by the government of the Russian Federation in an authorized bank in the partner's country of origin, and shall be used to pay for the import, on a competitive basis, of goods and services from this country to the Russian Federation, and to repay the debt of the Russian Federation to this country under intergovernmental agreements;

– the remaining portion of the foreign exchange revenues may, at the request of Russian suppliers of the goods and services, be transferred to the special account of a bank authorized by the government of the Russian Federation in an authorized bank in the partner's country of origin, and 2% of the foreign exchange revenues shall be transferred to the currency funds of republics within the Russian Federation and regions and provinces thereof. The amounts of money placed into this account shall, at the request of Russian enterpises to which they belong, be used to make payments to enterprises and organizations in the partner's country of origin for goods and services imported, on a competitive basis, under contracts with the said Russian enterprises and organizations.

Should a Russian owner of the foreign exchange deposited in the said special account fail to use up the said funds within a time period specified in the respective intergovernmental agreement, the foreign exchange balances in the said account shall, upon expiry of the said period of time, be transferred at the order of the bank authorized by the government of the Russian Federation to an account in the name of the said owner in an authorized Russian commercial bank, whereupon the owner shall sell 10% of the balance to the Central Bank of the Russian Federation with the object of creating a stabilization currency fund.

3. Payments and settlements between the Russian Federation and India, Syria, Egypt, Bulgaria, Cuba and Afghanistan, in respect to transactions conducted in accordance with indicative lists of goods or related to projects of technical assistance or military cooperation implemented under intergovernmental trade and economic agreements of the Russian Federation for 1992, may be effected through clearing accounts maintained by banks authorized by the government of the Russian Federation and by authorized banks in the said countries.

The portion of foreign exchange revenues from the export of goods and services to be sold to the Republican Currency Reserve of the Russian Federation shall be used to pay for imports from the said countries under indicative lists of goods.

The remaining portion of the foreign exchange revenues, which should be transferred to the foreign exchange accounts of Russian suppliers of the goods and services and to the currency funds of republics within the Russian Federation and regions and provinces thereof, shall be used to make payments to organizations in the partner's country of origin for goods and services imported out of this country under contracts with the said Russian enterprises and organizations.

Should the Russian enterprises and organizations which own the foreign exchange funds fail to use up the said funds, they may sell the said funds in the currency market of the Russian Federation at the current exchange rate.

4. Payments related to projects of technical assistance to or militlary cooperation with China, India, Mongolia, North Korea, Laos, Cambodia and Vietnam shall be effected primarily on a cash basis, or, in certain specific cases, on the basis of credits through special compensatory accounts opened expressly for this purpose by banks authorized by the government of the Russian Federation, with payments to be effected in full or part by means of deliveries of goods.

5. The portion of foreign exchange revenues from the export of goods and services to Mongolia and Albania which

MOSCOW BUSINESS WEEK

DOSSIER

...mandatorily sold to the Republ... Reserve of the Russian ... shall, after deductions of pro... to its currency funds of republics ... Russian Federation and reg... provinces thereof, be transferred ... accounts in Vneshekonom... and shall be used to pay for the ... on a competitive basis, of goods ... from Mongolia and Albania ... Russian Federation.

... developing countries shall repay ... debts to the U.S.S.R in accordance ... existing and newly-signed inter-governmental and inter-bank agreements.

... in external economic ac... Russian Federation and in ... countries may, within the estab... quotas for the export of goods ... work, and by mutual con... payments in their respective ... through authorized ... banks on the basis of ex-change rates quoted by these banks, in which case governmental agencies shall not assume responsibility for discharging the obligations incurred by the parties to such deals.

8. The Ministry for External Economic Ties of the Russian Federation, jointly with the Economics Ministry of the Russian Federation, the Finance Ministry of the Russian Federation, the Ministry of Trade and Material Resources of the Russian Federation, the Ministry for Fuel and Energy of the Russian Federation, the Central Bank of the Russian Federation, Vneshekonombank and the Foreign Trade Bank of the Russian Federation, shall, on the basis of forecasts of exports, imports and payment balances, hold final negotiations with foreign countries and, provided agreement is reached, sign appropriate intergovernmental documents on bilateral trade turnovers and payment and settlement arrangements for 1992, including methods of settlement of bilateral payment balances.

9. The legislation currently in force shall be brought in conformity with the present decree in respect of provisions regulating payments and settlements in the area of external economic activities.

10. The present decree shall be brought into force in accordance with the resolution of the 5th Congress of People's Deputies of the Russian Federation "On the Legislative Basis of Economic Reforms" as of November 1, 1991.

President of the Russian Federation
B. YELTSIN
Moscow, Kremlin
June 12, 1992, No. 621

The Central Bank
of the Russian Federation
June 26, 1992

Decree of the President of the Russian Federation on measures to protect the monetary system of the Russian Federation

With the object of protecting the ... unit of the Russian Federation, ... rouble, establishing control by the Russian Federation over the circulation ... money within its borders, and ensuring ... balance of payments between the Russian Federation and other states which use the rouble as legal tender, I hereby order:

1. That payments for reciprocal shipments of goods between the Russian Federation and other states which use the rouble as legal tender shall be effected in accordance with international trade and banking practices, which ensure balanced payments and exclude the possibility of automatic crediting of shipments to the detriment of economic interests of the states which engage in trade.

2. That the Central Bank of the Russian Federation shall take the necessary steps to introduce such principles of inter-bank payments between the Russian Federation and other states which use the rouble as legal tender as would ensure protection of the monetary system of the Russian Federation.

3. That the government of the Russian Federation, jointly with the Central Bank of the Russian Federation, shall, within two months' time, hold negotiations with those countries which desire to retain the rouble as their legal tender on coordinating economic policies.

President of the Russian Federation
B. YELTSIN
Moscow, Kremlin
June 21, 1992
No. 636

MOSCOW NEWS WEEK

Russia needs favourable climate for business

"A rich country is that in which people are provided with incentives to work," says the well-known Russian eye-surgeon and businessman Svyatoslav FYODOROV, who also serves as a co-chairman of the Economic Freedom Party

It is common knowledge in the West that a high degree of concentration of property in the hands of state-owned or private companies results in uneconomical production: "hired mercenaries" have to be controlled at great cost and to little effect. Therefore, active efforts have been undertaken in the US and other capitalist countries to create the so-called new jobs.

The idea is that employees are made co-owners of their enterprises, having received a number of shares either free of charge or on a 10-12 year credit. If a plant is worker-owned, with 30 percent of its stock held by managers, 50 percent belonging to workers and 20 percent traded in the stock market, the results are motivation, initiative and resourcefulness of workers. Excess personnel are laid off and more effective technologies are introduced. The productivity of labour may rise by half over the first two years of operation. This enables marginally viable enterprises to ward off bankruptcy.

Our country has great opportunities in this area. Giving plants and factories to their workers represents the simplest and most effective step. One idea frequently peddled is that since our workers are so lazy and stupid, chaos would ensue if they were to be given shares in their enterprises.

To refute this assumption, I would like to draw your attention to the experience of our Eye Microsurgery medical complex. We are now operating under a leasing arrangement and have created the kind of new jobs I've mentioned already. Five years of work along these lines have enabled us to raise overall labour productivity by 4.5 times, with labour in our industrial and agricultural operations becoming, respectively, two times and 40 percent more productive. This shows that people who share in profits can work very well.

Only free people can work effectively

The Russian government has so far been unable to do that which remains most critical – to create an environment enabling independent property-owning producers to emerge. In our case, for example, our efforts to privatize the complex have led the State Property Management Committee to permit us to buy only 10 percent of the assets of the complex. That's an insult, not privatization. We are now unable to buy land or build a plant of our own. We are hemmed in by a system under which people can only prosper if they are crooks, or – at best – sufficiently sly. In other words, Russia does not yet offer a genial climate for businessmen.

It is senseless to pin hopes on the West. Western businessmen are effectively shoring up slavery in Russia, rather than promoting free enterprise. The government negotiates large credits, while our great-grand-children will have to pay interest by exporting timber, oil and other non-renewable mineral resources. We have, to put it bluntly, been defeated and broken up by the West in an economic battle, and now Westerners are going to exploit their victory to the full. When I talk to Americans, I'm invariably convinced that the West would like to turn us into yet another Argentina – make us insolvent and milk us dry.

The essential prerequisite for the market system is privatization. A man can only be free if he has property, and here we have none. I've heard that 2,600 shops have been privatized in Moscow. Eyewash! If people are not free when they work, their work is ineffective, and if their work is unproductive, the nation is poor. Effective work in combination with advanced technologies is precisely what is needed for a nation to be rich. If there is no incentive to work well in a country, that country is bound to disintegrate.

It is tremendously difficult to stamp out our economic slavery because the state has the army, police and the security apparatus. The only hope is that a widespread awareness of looming catastrophe will force the authorities to proceed with comprehensive privatization under which each of us would receive a privatization check for one or two hundred thousand rubles. This would be sure to spur economic growth and make revival possible.

An organization sells non-ferrous metals and rare earths and offers accommodation at the Mys Vidny sanatorium in the city of Sochi (Khosta) for 12 or 24 days.

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Gold is not the limit for RINTECOR

Having proclaimed its commitment to the market system, the government has distanced itself from the investment process

The emergence of companies such as RINTECOR (Russian Investment Tender Corporation) which proceed from unique expertise and new economic thinking and provide guidance to investors, is a convincing proof there are forces in the country that are capable of making market-oriented reforms irreversible.

Our question to RINTECOR President Alexander POGORELSKY was the following: **What is your assessment of the investment market in Russia?**

At the present stage, what we must talk about is not a market, which is now embryonic, but the possibilities for its creation. What we find in Russia now is a paradoxical situation in which the government, having proclaimed its commitment to the market system, has distanced itself from the investment process.

Only R 23 bn has been earmarked by the government for investment this year, a figure eight times less than that of previous years.

Indifference to investment practices and neglect of the state of fixed assets and real estate have led to a drastic fall in the country's GNP aand left more than 2,000 major state-run projects without sources of finance.

As the state itself fails to cough up the money, barriers are erected in the way of private investment undertakings. The outrageous thing is that businessmen have to conceal their investments because they are taxed at an overall rate of up to 60%. Loans from commercial banks can only be obtained at the rate of 130-150% and for periods of just 2-3 months. Commercial banks can offer only these sorts of terms because the Central Bank of the Russian Federation has raised its discount rate to 80% and its reserve ratio to 20%.

"Gold East of Baikal"

If this is the case, what independent companies can provide investment resources to make up for the shortage on the part of the government?

Even if the government had possessed the necessary money, it would hardly have been put to its best use. What government officials treasure most is their personal comfort, and this is best achieved by making formal reports to superiors rather than worrying about the end result of investments or the rate of capital turnover.

State-owned enterprises never learned to husband their resources, operate effectively, or plan for the future. I recently spoke with executives from a defence enterprise which soon is going to convert to the production of farm machinery. They need a large loan to put up new production shops. I suggested they use the shops where tanks were produced, since they are now lying idle. It would have been economical in this way. But they would have none of it! Bearing this in mind, I'm sure that the billions of rubles allocated for conversion will be soaked up by the industry without any effect.

Commercial undertakings are vastly different: they look for the best opportunities for investment and realize profit as quickly as possible, because the alternative is bankruptcy. However, even these organizations don't have enough money. How can money be accumulated? We estimate that the savings of households currently amount to about R 100 bn. Twice as much again could be provided by entrepreneurs, if they were persuaded they would stand to gain from such a plan. This makes up about half the sum now needed for urgent investments in top-priority sectors. The state cannot make use of the funds because there is too little confidence in it at the present time.

When the government refused to go along with our proposal to transform uncommitted funds into investment deposits, we devised our own method of accumulating funds. It consists of issuing "commodity shares" which are secured by stocks of materials – metals, cement, lumber, etc. – that can be used immediately in the process of investment. These goods are not subject to inflation and do not lie idle during the initial stage of investment projects, but may rather be used in profit-generating ways.

The scheme will be used to implement the ambitious project "Gold East of Baikal" in the free economic zone Dauria (Chita Region). Some of the R 4 bn needed to finance the project has already been provided by thousands of individuals, large enterprises, associations and banks of the region. Americans have also become interested. The project, however, is not something which cannot be improved.

We can move mountains, when we are together...

How did RINTECOR manage to swing projects of this magnitude?

Our corporation was founded by some of Russia's largest construction concerns, including Neftegazstroy, Transstroy, Rosuralsibstroy, and Rosyugstroy. Its other founding members are Promstroybank, Vostokstroybank, Chelyabinvestbank, the foreign trade associations Tekhnoexport, Atomenergoexport, Energomashexport, and others. Our founders also include the Ministry for External Economic Ties of the Russian Federation, the State Property Management Committee, and the Foundation for the Social and Economic Revival of Russia.

We trade in investment resources and sell real estate, unfinished construction projects and rights to lease land. Our second line of activity is to hold tenders for contracts, providing a full range of services from identifying the customer to finding the smallest subcontractor. Finally, we organize trading to raise and place investment resources. Over the first quarter of this year alone, RINTECOR made investments of R 1.5 bn and $120m.

Judging by the founders, the corporation must find itself in a privileged position.

This is not quite so. No matter how powerful our founders may be, our corporation has to operate in the same rigorous investment climate as everyone else. To attract investors and profitably place their money, we have to be resourceful and work hard.

For example, we have arrived at the conclusion that one of the factors holding down the inflow of foreign investments is the abysmally low quality of feasibility studies undertaken for investment projects offered in Russia. They often fail to include the most elementary evaluations by independent experts.

Targeting primarily local investment programmes, RINTECOR – along with the Commission of European Communities, Germany's Economics Ministry, and the European Bank for Reconstruction and Development – has developed some standards for projects offered. This is acceptable to Western businessmen because it makes clear where and on what terms funds are to be invested, as well as prospects for turning a profit.

In addition to providing reliable financial and technical mechanisms for investment, we undertake the insurance of projects and offer comprehensive consulting services. Our partners in this are large consulting firms such as Germany's DorschConsult, Italy's Advantage Business, Austria's Elin, and Russia's Ingosstrakh.

Together with the large Russian company RINAKO and a US financial corporation, we have organized an investment tender. We are at present implementing a major project to acquire production facilities in Moscow, produce consumer goods and clothing, and process agricultural products.

In-depth expert studies make it possible to interest foreign firms in projects such as the production and dressing of decorative construction stone in the Kola Peninsula. Negotiations to this effect are now underway with a US firm. Despite Italy's monopoly powers in this area, we have already identified a number of outlets, such as the Arab countries.

One of the most important rules we stick to is the careful study of market conditions. For example, we will never import plants to produce red brick because we know it is an obsolete product. Their producers are offering us these plants precisely because they are moving to a more promising material – sand-concrete blocks. However, government officials would give the go-ahead to such deals.

Advantage of being the first

RINTECOR is known to have been the first company in Russia to launch tenders for investment projects. What are their advantages?

This is the most civilized form of trading in investment projects. In makes it possible to identify really serious investors, create genuine competition for projects, and minimize opportunities for corruption. Both organizers of tenders and sellers find themselves better off in the end. Unfortunately, Russia does not yet have tender legislation, although even such a country as Somalia has one. Things aren't easy, but someone has to be the first. We have acquired positive experience, yet also met with unpleasant failures.

Do you by any chance have in mind the refusal by Moscow's authorities to hold the so-called double tender, which has caused much comment?

Precisely. We suggested to the Moscow government that they organize a tender for the right to lease downtown land and four hotels. The second part of our idea was that the hard currency proceeds from the tender would be used to buy food for the Muscovites, with contracts for supplies of food to be awarded through yet another tender. In this way, both deals would have been made on terms most advantageous to the city.

An appropriate ordinance was drawn up and signed by the municipal government, but all of a sudden it was somehow lost. Our questions have remained unanswered. Meanwhile, rumours of corruption among officials continue to multiply, and this does not enhance the democratic image of Moscow's authorities.

We believe in our future

What do you see as the corporation's prospects?

We are hopeful that a normal investment market will ultimately take shape in Russia, and a civilized market-oriented legislation will replace the contradictory and hastily-prepared enactments we have today. RINTECOR will be doing everything in its power to bring that moment closer.

We are realists and well aware of the fact that it may take many years to overcome Russia's existing trend to impede commercial investment activities. However, things will ultimately reach a normal state, because Russia will not be able to develop dynamically if investment mechanisms are not actuated.

At the present time, RINTECOR is accumulating financial and intellectual potential for future breakthrough. We are creating a necessary infrastructure and setting up branches which, in turn, would sprout banking, consulting, auditing, and insurance firms.

Joint efforts make it possible to find effective ways of investing capital and exploring investment opportunities in promising areas such as the Chelyabinsk, Yaroslavl, Murmansk and Kaliningrad regions. There is also hope that the government will at long last abandon its policy of undervaluing real estate and fixed assets. The introduction of fair market prices on these things will encourage privatization and stimulate an inflow of enormous sums of money into the investment process. Otherwise, the government will continue to be rich, but bankrupt, and will inspire no confidence in investors, including foreign ones.

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"Diamond inflation?"

The quiet panic observed now in Japan's jewelry industry is likely to spread beyond the confines of that country. According to the press, it has been caused by the intention of a number of Japanese companies to organize a highly specialized production of diamonds in Yakutia, initially geared only to the Japanese market.

Newspapers reported that the "diamond project" is being drawn up by the Arda company. Last May it reached an agreement with the Republic of Sakha (as Yakutia is now officially called) to begin within a short time the industrial output of a specific "product" for Japan.

This does not mean that the Japanese market will soon be "flooded" with cheaper diamonds from Yakutia, but no one rules out such a prospect in the future. At the first stage of their joint venture Yakutia and the Arda company intend to supply 50,000 to 100,000 carats a year. The first lot is expected in Japan next month. Though nothing is known yet about the cost of deliveries from the Republic of Sakha, this amount is quite sufficient to allow for a further penetration into the Japanese market.

The only obstacle now is the "diamond share" Yakutia can dispose of as it thinks fit. Last December the republic obtained a permission from the central authorities for a 10 percent share and 20 percent share in March of this year, and no one knows what share of the total output it can acquire in the future.

It has been reported that Yakutian diamonds are to be sold not only in Japan but also in South Korea and Taiwan. The market is less capacious there, and therefore it will be easier to saturate it with the cheaper Yakutian variety. The expression "diamond inflation" is so far used in inverted commas, but jewelry dealers no longer regard it as pure fiction.

Moscow french fries in Warsaw McDonald's

A McDonald's restaurant, the first in Poland, has been opened in the very centre of Warsaw. During a day it can cater for 10,000 people. It has been calculated that each of them will wait for his or her hamburger for not more than three minutes.

The Warsaw McDonald's has a staff of 500. Polish, English, German and Russian speech can be heard in the kitchen. Having gained experience and skill in the Moscow McDonald's in Pushkin Square, our compatriots came to work as instructors in the kitchen of the Warsaw McDonald's. French-fries are also delivered here from Moscow.

Reporting on this event, the newspaper *Zycie Warszawy* had some kind word to say about the Moscow McDonald's and its world-standard service. However, it did not fail to mention the long queues and exorbitant prices there.

Omipex to open office in Moscow

The Austro-Hungarian firm Omipex, with an annual turnover amounting to around $1 billion, is opening its office in Moscow. The firm has been purchasing wood pulp, coarse calico and other raw materials in Russia for quite some time already. It is currently negotiating the purchase of 500 UAZ trucks and a large consignment of helicopters.

Joint efforts to get rid of weapons

US businessmen and scientists would like America and Russia to coordinate efforts to destroy Russian nuclear and chemical weapons.

US Congress has already allocated 400 million dollars for this purpose. Representatives of Westinghouse, Bettel, Mason & Hunter and other large US corporations have recently visited Moscow to discuss the issue with the Russian government.

The trip was organized by the Washington-based firm Russian House. President Edward Lozansky stated that US business and scientific communities intend to establish contacts and sign contracts with Russia's leading research organizations and defence enterprises.

New council of businessmen

A World Council of Russian Entrepreneurs has been created at a recent Conference of Russian Businessmen in Moscow. The council will export and import both industrial and consumer products, as well as services.

The council will also encourage an inflow of capital into Russia and production cooperation between Russian and foreign businessmen. The organizing committee has already put together a package of projects to convert defence enterprises to civilian production, set up enterprises in metalworking and construction sectors, and build enterprises operating with Russian equipment in the Third World.

Mr Sergey Mamontov, an Argentinian businessman who is a descendant of a famous Russian merchant family, was elected the council's chairman.

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Splendor and misery of Sovietology (II)

The gravest mistake by the revisionists was that they believed the Soviets

The 1950s and 60s were the golden age of Sovietology in the West. Funds were made available, places like St. Anthony's college in Oxford and the Harvard Russian Research Center prospered, some excellent young people were drawn into the field, first rate studies appeared covering various aspects of the Soviet experience – political, social, economic and cultural. True, Sovietology never had a party line, there were always differences of opinion, sometimes profound, in assessing things Soviet. But by and large this was a period of great productivity and high quality, and if opinions were voiced that were clearly wrong or stupid, these represented a small minority.

Towards the later 1960s the situation began to change. There were a number of reasons, but the most important issue was generational change. The late 1960s witnessed a radicalization in the universities, partly as the result of the Vietnam war, partly because of the students' revolt affecting both America and Western Europe.

The West is in decline, so the East is palatable

The general *Zeitgeist* was pro-left, anti-American, pro-Third World and it was probably inevitable that the attitude towards the Soviet system should become more positive. The younger generation of Soviet experts wanted to distance itself from their predecessors. They rejected the "totalitarian model" which they regarded as cold war propaganda; true, the Soviet system was a dictatorship, but the West was not perfect either. And in the circumstances the proper position for a scholar was one of equidistance, perhaps even moving a little closer to the Soviet position. Because, as they saw it, the Soviet system was a "development dictatorship of social justice" aiming to make the Soviet people freer and more prosperous, whereas the Western systems were both reactionary and in decline.

Books began to appear which claimed that Stalinism had positive consequences because it had carried out, for instance, a cultural revolution. Others claimed that the importance of the Gulag and the purges had been greatly exaggerated, only few people had lived in fear in Russia, only some tens of thousands had been affected. Altogether, the Soviet system was far more democratic (and less aggressive) than a former generation of Sovietologists had assumed. It was a different kind of democracy, and it was still somewhat behind the West in living standards and economic performance. The Soviet regime was very popular, it was rapidly catching up with the West, it had made many achievements in various directions and in the meantime the West had a great deal to learn from the Soviet experience. Critical assessment of Soviet politics was dismissed as a remnant of "cold war mentality," not scholarly but propagandistic.

Communism should be known from the inside

This was the ideological dimension of the "revisionsit revolution" but it was by no means the only one. It has been noted that the earlier generation of Soviet experts had spent at least part of their working life outside the universities; they had been in politics, many of them knew Marxism-Leninism and the Communist parties from the inside. They had developed an experience and instinctive knowledge which most of the revisionists almost entirely lacked. Their whole life had been in college campuses, they failed not just to understand communism, but politics in general – except perhaps university politics. They suffered from what psychologists call "mirror imaging," that is to say, they interpreted events in the Soviet Union more or less in terms of what they were accustomed to at home. Thus, to give but one example, the Soviet government was thought to operate in a way not very different from the American, the Communist Party of the Soviet Union, while perhaps a little peculiar, resembled in many respects political parties in the West.

What they lacked in instinctive understanding and experience, the "revisionists" tried to compensate by way of "social science methods." The late 1960s and the 1970s witnessed the triumphant entrance of all kind of social science techniques, paradigms and models which were then fashionable in the West, into the field of Soviet studies – with devastating results. They had to do with "developmental bureaucracy," with "upward mobility," with a special Soviet approach to "modernization" and other such concepts. These were grandiose ideas and they had little in common with Soviet realities. Historians were writing books in which they demonstrated that the Bolshevik coup of 1917 had not been a coup but an inevitable and ultimately beneficial social development, the same was true with regard to the collectivization of agriculture. The Soviet system was not (and probably had never been) totalitarian, but authoritarian. It was never made quite clear what "authoritarian" meant, for de Gaulle was also authoritarian, so was, say, Morocco or Jordan. Did it mean that the Soviet system was like that of France or Morocco?

Hilter and Stalin are Hamletian figures

This kind of "revisionism" led to horrible and often grotesque distortions of reality, but it is only fair to add that Soviet studies were not the only field affected by this disease. Very similar developments could be observed, for instance, among the students of Nazi Germany in the 1970s.

Suddenly books appeared claiming that Hitler had not been very powerful and important, that Nazism had also been a "developmental dictatorship," that it had never really been a totalitarian regime and so on.

This revisionism did not come from the right (from among the pro-Nazis), but on the contrary, from among the left, the believers in modern methods of social sciences – with an admixture of Marxism. As in the case of Sovietology, there was a revolt against the previous generation of experts and their theories – and the consequences were surprisingly similar. The result of these studies was ridiculous: A Hitler (and a Stalin) who were Hamletian figures, prisoners of the bureaucracy, half the time they did not even know what went on around them. Such an interpretation had nothing in common with the real state of affairs but it was quite fashionable in academic circles.

Thus, for instance, the books of Robert Conquest on the Stalinist purges were dismissed as non-objective, and non-academic, just as in Germany scholars drew attention to the fact that they had never found a document in the archives concerning a written order by Hitler to kill all Jews. The idea that the greater the crime, the less likely that there had been a written order in Moscow or Berlin in the first place, did not occur to these scholars.

But there was yet another reason (or reasons) for the failure of many Sovietologists and this is the most difficult to explain. The field of Soviet economic studies in the West included many excellent experts – perhaps the general level was higher in this field than in any other. Nor were there any Marxist-Leninists among them. Many first rate books were pulished over a long period. But on basic issues, such as the size of the Soviet GNP, the quantity and quality of Soviet industrial output, the percentage of military spending, on all these and some other issues, leading experts were consistently wrong – and not only the academics but also the CIA and other government departments.

Sovietologists did believe in fantasy and went bankrupt

They consistently overrated Soviet economic performance mainly, no doubt, because they took the official Soviet figures too seriously. Of course, they did not quite believe them, but they thought that there must be some relationship between these figures and the truth.

They refused to accept that many of these figures were rooted in fantasy and that, for all one knows, the Soviet leaders (certianly under Brezhnev) were as ignorant as the Sovietologists about the real state of the economy, because they were misled by their underlings, who, in turn, were misinformed by the local informants. Paradoxically, these propagandistic lies did the Soviet Union much harm. For once Western governments reached the conclusion that the Soviet economy was much stronger than it really was, this meant (they believed) that the Russians could spend much more for military purposes than they really did. Hence the need for the West to increase its defence spending. In other words, as the result of the Soviet misinformation an arms race came under way which the Soviet Union could not win, and which, in fact, weakened its economy inasmuch as civilian spending decreased.

However, it is also true that there never was unanimity among the Western Sovietologists. If it was fashionable in the 1970s and early 1980s in many Western circles to take a view of the Soviet system and the leadership that was much too favourable, there were many dissenters, not only among the older generation. Gradually, even some of the revisionists came to doubt their own wisdom. Thus, it was realized in the West even before Gorbachev that at some time in the 1970s there had been a basic change of mood – from optimism to pessimism – in wide sections of Soviet society. This in turn led to searching questions what were the reasons of this change – the realization that the economic situation was getting worse, or a deterioration in the general quality of life, or the feeling that the old leadership had ran out of ideas, or that the country was adrift? These were, of course, crucial questions, and when the great crisis came in 1989/90 it did by no means come as a total surprise to many leading Western experts.

Thus, in retrospect, the failure of Sovietology was essentially the failure of a generation – not all, but many of them, those who had entered the field in the late 1960s and early 1970s, who had basic socialist sympathies (and thought that the Soviet Union was a socialist society!). Events in the Soviet Union in recent years have come as a great shock to them, they feel betrayed when Russians write and talk about "totalitarianism" – something, Western Sovietologists had argued for so many years, did not at all exist. To admit profound mistakes is always difficult and people will think of a hundred excuses not to concede that they have been wrong. For this reason it is not surprising that so far "revisionism" has not admitted its bankruptcy. But it does perhaps not greatly matter, for a new generation of Sovietologists has meanwhile appeared on the scene, with a more realistic approach, quite different in outlook from the revisionists.

Walter Laqueur

LONDON

The forgotten war

"Disrespect for forefathers betokens savagery and immorality."
Pushkin

Nowadays when there is so much astounding news almost hourly we seem to lack the time to recall our history, though it is part of our present and our future.

Nothing can arise out of nothing. We are full of history, even though we are often unaware of that. Our knacks, our sentiments, our language are understandably not of today. How else can one explain the affinity with the classics, with Pushkin, Lermontov and, of course, Tolstoi and Dostoevsky, who continue to be avidly read. They are all far closer to us than one might think.

Napoleon's half-million-strong army invaded Russia 180 years ago, in 1812. By that year the French emperor ruled practically all Western Europe. Hence, hordes not only of French soldiers, but also of Bavarians, Istrians, Poles, Italians, and of fighting men from the many German states and even from Russia's recent allies, Austria and Prussia, overran the country, thrusting towards Vitebsk, Smolensk and Moscow. Notwithstanding the determined resistnace and the heavy fighting at Smolensk, Napoleon rapidly advanced.

Then came the famous day of the Battle of Borodino. Every Russian, from greyhaired General Fieldmarshal Kutuzov to a home guardsman realized that a superhuman effort had to be made to check the seemingly invincible conqueror. When this fearful day ended, during which the Russians lost almost half their force, Napoleon's might was fully crushed.

Russians may consider themselves invincible, Napoleon noted. Yet Pushkin sadly observes: "We are lazy, incurious." To see how fair this apt remark is, ask the ordinary Russian what he can tell you about Count Vorontsov. Only perhaps something about the "plague of locusts." The more literate may recall the acrimonious lines in Tolstoi's *Hadji Murat,* and perhaps the Vorontsov Palace. Yet at Borodino Joachim Murat's cavalry mowed down the then young Vorontsov's division and he himself was gravely wounded. Nor will the ordinary Russian recall that in the same year of 1812 Count Vorontsov put before Tsar Alexander I a detailed and a fascinating project for the liberation of the peasants. Then during the foreign campaign, he asked his officers to take care of the rank-and-file and never beat them. Finally, despite ten years of red tape, the count demonstrated enough of that typically British stiff upper lip to free his own serfs. In which connection Pushkin's facetious remark about the "semi-lord," stressing Vorontsov's Anglomania, somewhat pales considering what has just been said. No wonder, as that was indeed a time of great events and of great men.

"Yes, in our time men were men!" Lermontov exclaimed, and it was owing to such men that Napoleon first felt, as Tolstoi put it, the heavy hand of an enemy strong in spirit.

That wise soldier Kutuzov did not seek to carry the war outside Russia, the more so, as hardly 20,000 were left at Tarutino and Vilna of his original 80,000-strong force, while more were killed in Germany and France. Yet right down to Sevastopol these victorious soldiers suffered from beatings and floggins. The crowned mystic Alexander I had nightmarish "military settlements" set up, where instead of wished-for liberty serfs had to rely exclusively on what the tsar termed God's good graces. Censorship flourished, universities were ransacked, while Pushkin, even though observing in his novel *Snowstorm* that this has been a "brilliant time of glory and admiration," was sent into exile.

Yet, in this same story Pushkin also notes that Russian officers returned from the campaigns abroad not only more mature and with more decorations for gallantry. As Alexander Chaadayev (Russian poet) put it, they had fought their way across Europe's most cultured countries and, having witnessed so much, could draw far-reaching comparisons. Though due to Arakcheyev's iron hand and Tsar Nicholas's brutal drill, Russia paid so dearly for Sevastopol, it was this selfsame generation that brought to the fore the Decembrist officers of 1825 and the Golden Age of Russian culture. In fact that would have been out of question if not for the proud, delightful awareness that they had cast down an idol, who overshadowed so many kingdoms, and that it was in the snows of Russia that the conqueror's star had finally set – even though the great poet Pushkin, offspring of such a great time, had so nobly termed him "The Man of Destiny."

The illustrious literary critic Vissarion Belinsky, who so greatly detested the obscurantism of Alexander I and the oppression of Nicholas, noted: "The year of 1812 was a great year for Russia. The struggle against Napoleon had awakened her lethargic powers and had compelled her to discern a strength she had never suspected."

Pavel Bunin
Drawings by the author

Last February four friends living in St. Petersburg – **Alexei Vorov, Kirill Baranov, Victor Grigoriev** and **Mikhail Dutkevich** – set out on a round the world hitch-hiking tour. Perhaps the idea might seem wild to some people. But the four lads had been making preparations for a long time. They travelled all over Central Asia and Siberia by hailing passing cars.

A friend living in Denmark helped the four establish contact with *Politiken*. The newspaper gave them 1,500 dollars as a fee for future articles. A Norwegian firm, known in the world for the manufacture of outfits for polar explorers, equipped the boys free of charge, that is, for publicity. The Radio Russia promised to give them moral support and report on the trip.

The travel in the region north of the polar circle was the most difficult, the guys reported – up to 45 degrees Centigrade of frost, blizzards, empty log cabins. But everywhere they met kind people who gave them food, lodging for the night, and even money, though they had not been paid wages for months.

In the Chukchi Peninsula, they used an Alaskan Airlines plane and flew over the Bering Strait. At first, the airlines demanded the official charge 1,000 dollars from each of them. But, having bargained a little, they agreed to carry them free of charge. Such is hitch-hiking – to rely only on selfless drivers and pilots.

The boys had an almost comfortable ride on the highway along the Pacific coast, the former Russian land. They hardly noticed the border between Canada and the United States. The border man immediately stamped their papers saying that he knew about them from the newspapers.

In Seattle, the lads were entertained by American employees of the Norwegian firm which had provided them with outfits. The employees welcomed the Russian travellers as their relatives and collected money for continuing the trip. In Denver, the boys stopped at the house of an old freind of Alexei, also a "professional" hitch-hiker. They walked along mountain paths (almost all of them are experienced mountaineers) and earned some money by repairing furniture and houses of local residents. In Texas, they crossed the American-Mexican border with nobody having asked them for their papers.

At last they arrived in Mexico, where they wanted to get visas to the Central American countries, Brazil and Colombia. The stopover proved a long one. They

Amnesty's new representative in Moscow

An American, **Tanya Smith,** a new representative of Amnesty International in Moscow, lives in an appartment equipped with a strong iron door in the corner of Herzen Street and the Khlynovsky blind alley. The area round the office of this world known human rights organization is in such a mess that it is dangerous to walk there even in daylight.

Tanya is a lawyer by profession. She has been a member of Amnesty International for over 12 years and has more than once rendered it her services on a voluntary basis in New York, San Francisco and Paris. Before joining Amnesty International she worked on the American lawyers' human rights committee. She watched legal progress in Russia, organized an "exchange" of judges between Moscow and Washington, and "reviewed" the State Department annual reports on the human rights situation in the Soviet Union.

In September 1991 Tanya Smith came to Moscow. She helped the human rights centre Memorial and prepared proposals for American foundations engaged in monitoring the human rights situation in the Commonwealth of Independent States. Recently she signed a contract with Amnesty for one year, replacing Marjorie Farquharson, Amnesty's first representative in Moscow.

Marjorie experienced the entire bureaucratic horror of opening the office in Moscow, registration and bank formalities, Tanya said. The diary of her daily problems is a veritable Kafkaesque nightmare.

Amnesty International has about 1,800 members on the terrritory of the former USSR. Not many, Tanya says, but we have a very strict approach to the admission of new members. For instance, Greenpeace regards as its members all Russians who have at least signed their petition, whereas we demand active work.

Amnesty members regularly meet to consider human rights violations in other countries and send letters of protest to the governments concerned. Tanya Smith understands, however, that at present the citizens of the Commonwealth are more preoccupied with their domestic problems.

As regards "local" problems, the Amnesty's mandate allows Tanya Smith to fight for the abolition of the capital punishment and the liberation of prisoners of conscience. There are now no more than ten prisoners of conscience in Russia, she says, mainly conscientious objectors.

Tanya is now preparing a seminar on the question of "disappeared persons" and summary killings. It will be timed for December 10 – Human Rights Day – and will precede the World Campaign to be launched by Amnesty International in 1993.

Amnesty International's telephone in Moscow: 291-29-04, fax: 250-07-89.

failed to receive Guatemalan visas. The authorities of that country evidently thought that the travel might be dangerous for hitch-hikers because fighting sporadically occurs there. The group made its way to the port city of Veracruz in the hope of sailing to Honduras and continuing the travel through Nicaragua, Costa Rica, Panama, Colombia and Venezuela to Brazil and to reach the Atlantic coast through the impenetrable jungle. After that the travellers will sail to Africa and then return home.

* * *

A new magazine, *Put' k uspekhu* (Road to success), will be launched soon. It joins the list of existing Moscow periodicals intended to promote small middle businesses. **Vladislav Ksionzhek,** 36, Editor-in-Chief of the new magazine, has put much effort into making its publication possible.

He was born in the city of Novokuznetsk in Siberia. In 1978 Vladislav graduated from the physics department of Dnepropetrovsk University and did teaching and scientific work for four years. However, his thirst for journalism prevailed. Having moved to Moscow, Ksionzhek worked for the magazine *XXth Century and the World* and, later, became an associate editor and department head of the magazine *Tekhnika—Molodezhi* (Technology for Youth). He came up with the initiative of holding an international competition of technological designs with the aim of helping the authors of intellectual ideas to find sponsors. Ksionzhek's initiative had great success.

The experience gained by the young journalist, combined with his energy and persistency, proved highly useful in the founding of the new magazine. Vladislav sees the main task of the magazine as that of assisting entrepreneurs in tackling concrete problems that arise before them under conditions of a market economy. The magazine hopes to act as a good adviser and conduit for businessmen in the search for necessary and useful partners in the country and abroad.

No wonder the ideas and aims put forward by the magazine found substantial moral and material support in the business world. The first sponsor of the magazine is the Moscow foundation for the support of small entrepreneurship, set up by the Moscow government and unions of businessmen. An interest in the magazine has been shown not only by Russian but also foreign businessmen with whom it is establishing business ties. Together with the Russian State Committee for Information, the magazine proposed establishing a Russian association of the information industry.

Vladislav Ksionzhek intends to put out the magazine in English for foreign businessmen who are interested in obtaining truthful everyday information about the economic situation in Russia and the state of its market.

Former Politburo member appointed Moldova's ambassador to Moscow

Strange as it may appear, the news that **Pyotr Luchinsky** has been appointed Moldova's ambassador to Moscow did not cause a sensation in Kishinev or the Russian capital. There were no protests, anti-communist rallies or gossips, though Luchinsky is a former Politburo member of the Communist Party of the Soviet Union and former first secretary of the Moldavian Communist Party. The appointment of Pyotr Luchinsky passed in a quiet and respectful atmosphere. Before leaving for Moscow the ambassador had a businesslike talk with the chairman of the parliament, the prime minister, and deputies. He also received detailed instructions from the President of Moldova, as Moldavia is officially called now.

It seems that in the choice of a candidate for the post of ambassador both Kishinev and Moscow were guided not by ideological stereotypes but by a sober assessment of the professional, moral and personal qualities of the candidate. Pyotr Luchinsky was approved as a worthy candidate by all parametres, and the choice seems to be correct.

Pyotr Luchinsky was born to a peasant family 42 years ago in the village of Raduliany in Moldavia. He graduated from Kishinev University and was awarded the degree of candiate of philosophy. Luchinsky began his career as a full-time worker of the Communist Youth League. True, there was a small interval – two years of military service – in his "buoyant" CYL career. Then he became a career Party worker, rising in the ranks. At the end of this career Luchinsky was a member of the top Party leadership and, finally, he had the sad duty of disbanding the Party's Central Committee staff.

Pyotr Luchinsky is a charismatic person, closely linked with his native land and people. He knows well the troubles, joys and burdens of the people. While working in Moscow he often visited Moldova. One more thing: he never behaved like a Party bureaucrat. This explains why his compatriots like him. Pyotr Luchinsky was elected to Moldova's parliament.

Luchinsky sees his chief mission as ambassador in bringing about a political settlement to the conflict in the Dniester region and normalizing relations between Moldova and Russia. In view of this it would perhaps be difficult to find a better candidate for this post. He has first-hand knowledge of the situation being well aware of the strong and weak points of his Kishinev chiefs and former Moscow partners, the more so that the latter can often be seen in the Russian corridors of power even today. There is every ground to believe therefore that Pyotr Luchinsky's diplomatic mission will bring success.

Noah's Ark first

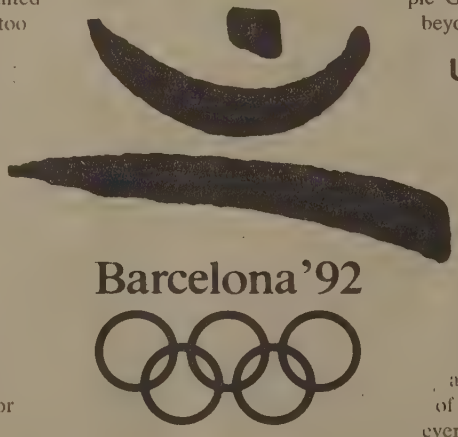
One angry reader phoned our editorial offices the other day to inquire what our correspondents were doing in Barcelona, as to judge by the ode they had composed to bars, they were spending all their time not at all at sports grounds. Though it is our ingrained habit to agree that the reader is always right, this time it was only half and half as sports grounds are fine in the daytime, while bars, on the contrary, are fine at night. There is nothing at all particularly aristocratic about bars, as otherwise why do Barcelonese divide the name of their beloved city into the three equal components of BAR–CEL–ONA and tag on, on thousands of posters, the motto: "Feel at home!" In Catalan, "cel" stands for sky and "ona" for wave. As for what bars are for the Spaniards, we tried to explain that in our previous report from BAR–CEL–ONA.

Barcelona: the commissioned "Las meninas" portrait, the royal dog and ever present records

Painter pranks

For some viewers from among our compatriots the opening ceremony of the Olympic Games in Barcelona left a bad taste in their mouths. Evidently the spectacular show that enchanted the audience at the stadium appeared too complex or alien. What a pity.

Cobi, the mascot of the Barcelona Olympics, was a take-off on the Mastin, the pet dog of Spanish shepherds and aristocrats. Enormous, genial and shaggy, and much like the Moscow guard-dog, it excels equally at herding sheep, chasing wolves away and playing with children, whom it adores as if they were little princes. But what does the blue-yellow-red symbol of the Olympic Games more reminiscent of smiling Mediterranean skies, have in common with Cobi? It is the portrait of the dog, believe it or not!



In 1656 the Spanish Royal Painter produced an odd, commissioned portrait. Though presumably a double portrait of the king and his spouse, they are not to be seen there. Pictured is the painter himself, peering at his sitters, the girlish Infanta Margarita Maria, who is looking at her parents, and ladies-in-waiting, "las meninas" in Spanish, and, finally, a dwarf and a courtier whose gaze is also fixed on the royal couple. They are somewhere outside, although their reflected faces are to be glimpsed in the mirror on the chamber's back wall.

Good grief! We've overlooked one more royal character in this complex multifigure composition. We mean the huge imperturbable Mastin that lies sprawled out in the foreground, totally oblivious of the prankster frenziedly toeing it with his foot. The dog is also looking at the non-present royal couple.

"Las meninas," which is by Velazquez, is exhibited in the Madrid Prado. Regarded as the Spanish master's highpoint, it has been copied by generations of artists, including the then young Barcelonese Pablo Picasso, who already a classic of the 20th century painted his own "Las meninas" at the venerable age of 76.

The last time Picasso visited the Prado must have been in 1934 as after Franco usurped power, "Guernica's" creator never set foot on Spanish soil once, which means any literal imitation was out of the question. Picasso treated the Old Master in the same way as the Creator, breaking up the entire affair into primary elements and totally recreating them.

Of his 44 versions on the theme of Velazquez's "Las meninas," that are now on show at the Picasso Museum in Barcelona, one is of the royal dog, a rather facetious tricoloured sketch adopted as the symbol of the Barcelona Olympic Games. The ways of the Lord are truly beyond mortal ken!

Untrustworthy unorthodox

That glorious year of 1492, when there occurred in Spain a plethora of events which virtually turned the world topsy-turvy, was keynoted by one more development about which Spaniards prefer to keep silent nowadays. This was when the Jews were expelled from Spain by royal edict. How amazing that ineradicable is the conviction that even at a time of flourish there has to be a scapegoat, ever the representative of an alien nation, blood or faith. The Jew, of course, which is why the Jew has to be ferreted out and lynched. Which has been done with envious constancy not only in Spain.

In a totalitarian system one's nationality not infrequently became the dictator's *idee fixe*. Franco did not discard that "progressive nationalities policy" either, victimizing Catalonia. Indeed, senior citizens still find it hard to forget those so very recent times when they were afraid to talk in Catalan among themselves. The language was forbidden not only officially, but even in every-day life, while the informer was rife as under any dictatorship. No wonder today,

though locals are bilingual, they prefer to speak Catalan. Indeed, the organizers of the Olympic Games made a special point of noting the four official languages, namely, English, French, Spanish and Catalan.

Franco also prohibited the Sardana dance. Hence, when on the opening day, 300 white-garbed couples tripped out into the Central Stadium and, forming five large rings, swayed in tact to the music, many Catalans were deeply touched.

By the by, were not the charmingly swirling skirts and the stylish narrow ties reminiscent more of Catalonia's zebrine red-yellow flag than the similar red-and-yellow tri-striped Spanish flag?

Let us accept nationalism's natural, legitimate, even sentimental manifestations, provided they do not become obtrusive and intolerant of all else. But in striking contrast to the heart-on-the-sleeve hosts were the harsh security measures with their electronic frisking, mounted police and choppers. Yet this was no police zeal, but plainly essential to counteract threats from ETA, the nationalistic terrorist organization of the Basques.

Though this universal sport gala was no place for sorrowful sermonizing and ominous incantations, still how is one to react to the devils of nationalism and separatism so pugnaciously exploiting the newly established freedom? It might seem strange to the ingrained Soviet, but in Spain today few would seriously suggest re-invoking Franco's tested methods. There is indeed no way back to a land where all Spaniards existed under those "cloudless skies." There is only the road forwards to higher standards of welfare, to broader tangible democracy, to integration with Europe and the world at large.

Though from the angle of their emotional impact the slogans of independent Catalonia, let alone of the Basque Country, may be dear to many hearts, who would really be prepared to stay within these provincial walls? Paradoxically enough, the more rapidly Spain integrates with Europe and the more Spaniards feel themselves Europeans, the more likely is it that Catalans will not insist on saying that they are not Spaniards.

Still what lies behind that prickly spelled "Carcelona" seen on walls? Just a misspelling? Or the accusation that the city is actually a "prison" – from the Spanish "carcel"?

Elsewhere we encountered a whole four-point action programme, with firstly something like "Take it easy!", then "Enjoy absenteism!", thirdly, "Practice sabotage!" and finally, "Sell your labour dear!" as "Even if – curiously enough – you do a good job, the rich will cop it all."

How familiar! Yet here and now they seemed self-ironical. Of course, one could easily discern behind them definite realities and definite problems. Nevertheless, this unveiled message from misfits implying "As you're a pariah, put goldbricking first," completely quashed that nostalgic instinct of the elder of us two to introduce a soupcon of the class-struggle aesthetics in our Olympic Games report. Even though Barcelona, so famous for its revolutionary and anti-fascist traditions, still has its Karl Marx Plaza, all that is left of what we and not only we so recently peddled as "Marxism" are those dubious graffiti.

2,000 Art Nouveau relics

Although this city, one of the largest in the Mediterranean and the ancient seat of the Catalan-Aragon kingdom, never experienced declines, towards the close of the 19th century it went through a genuine revival. One may wonder again and again what comes first here, art or life. Yet it is a fact that in the rapidity and grandeur of its urbanistic transfiguration, Barcelona has to all practical intents no equal, saving Paris or St. Petersburg, though it took much longer to build those metropolises. The ideal blend of national openness, tranquility and wellbeing furnished a nutritive medium, making Barcelona the global pivot of a style termed differently as Art Nouveau in France and Belgium, the Sezession in Austria, the Jugendstil in Germany, and the Shekhtelian Modern in Moscow, whose linear quirks transformed and liberated modern architecture.

At any rate in Barcelona, which has on record alone some 2,000 relics of Art Nouveau, one encounters the most unexpected. Thus along one short stretch one may see facing the Gracia Boulevard the Casa Batllo of Antonio Gaudi y Cornet, with its crenellated balconies and towering mosaic crest, the austere neo-Gothic gold-reddish Casa Amatler, creation of the architect Josep Puig-i-Cadafalk, and the florid and fluid, typically Art Nouveau Casa Lleo built by Lluis

Domench-i-Montaner. These three greats of Art Nouveau chanced to congregate in one quarter, in Spanish "manzana," a word that may also be interpreted as "apple." Yet the "manzana" is also called the "Discordia." A city, accepting such apples and such discords is certainly great.

Each of the celebrated casas has its own destiny. Rumour has it that the Japanese have long been hankering for the Casa Batllo, which, incidentally, owes its name to the people who commissioned it. They are prepared to buy the house whatever the price and even take it away with them. Fortunately, national assets of this order are not for export. The Casa Vicens – note that in 1984 the UN declared all of Gaudi's creations part of the world's cultural heritage – that is so reminiscent of a colourful chessboard, is still under private ownership. The large Catalan La Caixa Bank has long had its eye on the famous Casa Mila, an apartment house built back in the 1920s, which incidentally served as the locale for most of the action in Antonioni's film "Profession: Reporter." Thus far it has managed to secure only one floor, which within the framework of a four-year cultural programme will serve as venue for a series of exhibitions, shows, performances, etc.; now open there is a wonderful "The Catalan Avant-garde. 1906-1939" exhibition.

The First World War impelled many in Europe to flee for refuge to Spain, especially Barcelona. In the upshot the city became the Mecca of world Avant-garde art. Such great artists as Picasso, Miro and Dali all sprang from this Catalan Renaissance, which lasted till 1936 or 1937, when at the Paris World Fair the Spanish pavilion, presenting Miro's efforts and Picasso's "Guernica" as the manifesto of spiritual searchings of the first half of the 20th century, sadly enough spelled its Requiem.

Nevertheless, the Casa Mila still stands and still has its lodgers. Oddly integrated into the amazingly constructed legislation of the West, which is totally unfathomable to any Soviet, is what one may term a moral standard. For instance, despite the continually soaring prices, no landlord may raise the initially contracted rent. It is said that still living in this fascinating house is a lady, who pays only 400 pesetas or four dollars a month. Having luckily contracted her rent decades ago, this ridiculously low sum and the lodger herself are more powerful than the influential La Caixa Bank!

Noah's Ark

When Spaniards enthusiastically acclaimed the Olympic Committee's 1984 decision to hold the 1992 Summer Games in Barcelona, they for the first time wondered what to build, adapt or change, to prove up to the mark. We now see how amazingly they pinpointed the earnest of future success, especially considering countries whose history has eventually come into its own after such tragically abrupt breaks. The basic priority was to build a bridge between past and future, which is why adorning one of the four new Olympic grounds is the rebuilt Spanish Paris World Fair Pavilion of 1937. There were plans even to introduce Picasso's "Guernica," at least for the time being. However, Madrilenes were obstinate, affording Catalans one more pretext to feel slighted, and so mounted in this pavilion is a "Future Barcelona" show with a kaleidoscopically alternating transparencies, picturing the history of the present sites of sports grounds, hotels, parks, and ultra-modern structures, which only a few years ago were nought but wasteland or refuse dumps.

Thus growing and opening up anew is a city that was one of the world's most cosmopolitan places early in this century. Incidentally, the brand new Sports Palace on Montjuich was presented by a Japanese, while the Calcerola TV tower was designed by a Britt.

Even the Cathedral of the Holy Family is being refurbished. Among the currently existing eight candle-like turrets – Gaudi had originally projected eighteen, but in his lifetime only one was finished, while another four were started – one may spot a building crane jutting out of the ninth turret like an overseeing stork. Mass is celebrated under an awning in this roofless church, while the plaque denoting its centenary is to be discovered in some corner. Though the opposite front, whose construction was completed in 1972, has already aged, services are held not inside, but outside, where the congregation silently gaze at the Nativity Front that Gaudi created: it is larger than any temple in the world and resembles an enormous upwards-soaring Noah's Ark into which all the animals went two by two and where there is room enough for all – in short, where a fair ground bustles to music and life.

Again about bars

May that angry reader forgive us, but we shall nevertheless wind up our excursion around Olympic Games Barcelona in a bar with one more anecdote on this endless theme.

It so happened that several years back a girl pianist from Moscow, managing to wriggle out from under the slightly lifted iron curtain, found herself in the land of her dreams. Imagine what she felt when in a street of a charming Spanish city she suddenly encountered the nightmarish signboard of the "Bar Beria." How could they, she thought. Obsessed with the desire to see justice done, our girl heroine resolutely marched in. The denouement was not that tragic. It transpired that the bar owner's father had been a barber in his time. In Spanish a barber's salon is a "Barberia." Opening his bar, the son, not to change the signboard, simply split the "Barberia" into the two words of "Bar Beria." He was not at all frightened by the girl's observations around this sinister pun. Let it stay, he said, our only purpose is to attract more customers.

When the bloodcurdling, tragic, absurd and other episodes are consigned to the dust heap of history, where they should lie, when time somewhat obscures the related memory well enough, at any rate so as not to cause one to flee panic-stricken when spotting a bar with such a name, that will show that life is back to normal.

After the Civil War, the dictatorship and the Big Brother Caudillo, life in Spain is again normal. Which we wish you too, our dear reader.

Seda Pumpyanskaya and Alexander Pumpyansky,
New Times special correspondents

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